UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

COMBINED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2024
With Summarized Comparative Information
for the Year Ended June 30, 2023

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

COMBINED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2024
With Summarized Comparative Information
for the Year Ended June 30, 2023

CONTENTS

CBIZ CPAs

INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Utah's Promise and United Way of Greater Salt Lake, which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of Utah's Promise and United Way of Greater Salt Lake as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Utah's Promise and United Way of Greater Salt Lake 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah's Promise and United Way of Greater Salt Lake's ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Utah's Promise and United Way of Greater Salt Lake'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah's Promise and United Way of Greater Salt Lake'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 Salt Lake's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2023. 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.

CBIZ CPAs P.C.[1]

November 13, 2024
Phoenix, Arizona

[1] *In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.*

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS

	2024	2023
Cash and cash equivalents	$ 3,660,539	$ 6,791,683
Contributions receivable, net	7,384,234	6,239,470
Prepaid expenses	84,091	27,285
Note receivable	-	40,000
Property and equipment, net	303,958	374,603
Investments	11,082,732	13,327,462
Other assets	873,122	1,365,733
Operating lease right-of-use-assets	472,495	715,012
Beneficial interests in charitable trusts	16,663	16,663
TOTAL ASSETS	$ 23,877,834	$ 28,897,911

LIABILITIES AND NET ASSETS

	2024	2023
Accounts payable and accrued expenses	$ 1,266,870	$ 1,476,520
Due to partners	288,476	195,318
Due to other United Ways	481,887	412,775
Long-term debt	330,781	806,608
Other liabilities	38,112	17,426
Operating lease liability	582,611	874,932
TOTAL LIABILITIES	2,988,737	3,783,579
NET ASSETS		
Without donor restriction		
Undesignated	12,518,370	14,911,865
Board designated	902,447	872,818
With donor restriction	7,468,280	9,329,649
TOTAL NET ASSETS	20,889,097	25,114,332
TOTAL LIABILITIES AND NET ASSETS	$ 23,877,834	$ 28,897,911

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2024 with Summarized Comparative Totals for 2023

	Without donor restrictions	With donor restrictions	Totals 2024	Summarized comparative totals 2023
SUPPORT, REVENUE, GAINS AND LOSSES				
Contributions	$ 1,630,035	$ 1,770,463	$ 3,400,498	$ 7,374,245
Less donor designations	(234,889)	-	(234,889)	(160,891)
Contributions, net	1,395,146	1,770,463	3,165,609	7,213,354
Foundation contributions and private grants	2,958,242	-	2,958,242	4,569,585
Government grants	2,298,552	-	2,298,552	1,863,366
Special events and sponsorships	467,009	25,815	492,824	191,567
In-kind contributions	186,300	-	186,300	225,834
Return on investments	1,118,157	56,840	1,174,997	1,014,794
Other income	660,762	-	660,762	211,363
Total support, revenue, gains and losses before net assets released from restriction	9,084,168	1,853,118	10,937,286	15,289,863
NET ASSETS RELEASED FROM RESTRICTIONS	3,714,487	(3,714,487)	-	-
TOTAL SUPPORT, REVENUE, GAINS AND LOSSES	$ 12,798,655	$ (1,861,369)	$ 10,937,286	$ 15,289,863
EXPENSES				
Program Services				
Program expense	$ 12,091,719	$ -	$ 12,091,719	$ 12,605,262
Less donor designations	(234,889)	-	(234,889)	(160,891)
Total Program Services	11,856,830	-	11,856,830	12,444,371
Support Services	3,305,691	-	3,305,691	3,200,793
TOTAL EXPENSES	15,162,521	-	15,162,521	15,645,164
CHANGE IN NET ASSETS	(2,363,866)	(1,861,369)	(4,225,235)	(355,301)
NET ASSETS, BEGINNING OF YEAR	15,784,683	9,329,649	25,114,332	25,469,633
NET ASSETS, END OF YEAR	$ 13,420,817	$ 7,468,280	$ 20,889,097	$ 25,114,332

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024 with Summarized Comparative Totals for 2023

	PROGRAM SERVICES			SUPPORT SERVICES				
	Promise Partnership	2-1-1 Program Services	Total Program Services	Management and General	Resource Development	Total Support Services	Totals 2024	Summarized Comparative Totals 2023
Salaries and related expenses	$ 3,196,138	$ 2,095,040	$ 5,291,178	$ 1,283,330	$ 1,321,576	$ 2,604,906	$ 7,896,084	$ 7,171,606
Grants, contracts, and direct assistance	4,070,924	53,672	4,124,596	-	-	-	4,124,596	4,775,039
Consulting and professional	153,968	635,041	789,009	76,257	57,991	134,248	923,257	1,273,517
Information technology	66,964	603,807	670,771	58,028	45,752	103,780	774,551	780,946
Occupancy	127,411	95,530	222,941	42,877	47,078	89,955	312,896	442,677
Conferences, events, and meetings	244,849	13,891	258,740	7,292	73,153	80,445	339,185	337,390
In-kind contributions	79,357	28,037	107,394	36,000	42,907	78,907	186,300	225,834
Communications	36,976	52,773	89,749	1,464	101,802	103,266	193,015	219,089
United Way Worldwide dues	46,303	34,801	81,104	14,744	17,126	31,870	112,974	121,264
Travel	70,020	14,376	84,396	1,777	2,127	3,904	88,300	95,189
Other expenses	29,143	18,827	47,970	34,171	18,139	52,310	100,280	108,063
Total before depreciation and amortization	8,122,053	3,645,795	11,767,848	1,555,940	1,727,651	3,283,591	15,051,438	15,550,614
Depreciation and amortization	16,726	72,256	88,982	11,257	10,843	22,100	111,083	94,550
Total	$ 8,138,779	$ 3,718,051	$ 11,856,830	$ 1,567,197	$ 1,738,494	$ 3,305,691	$ 15,162,521	$ 15,645,164

See Notes to Combined Financial Statements

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (4,225,235)	$ (355,301)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	111,083	94,550
Loss on disposal of property and equipment	-	1,868
Non-cash lease expense	242,517	234,385
Donated stock	(113,707)	-
Change in discount on contributions receivable	(219,122)	805,288
Unrealized gains on investments	(688,021)	(232,578)
Realized gains on investments	(22,114)	(267,994)
Decrease (increase) in operating assets:		
Contributions receivable	(925,642)	(1,878,990)
Prepaid expenses	(56,806)	98,489
Other assets	1,001,736	1,069,085
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(718,775)	(256,102)
Due to partners	93,158	(216,429)
Due to other United Ways	69,112	(25,330)
Other liabilities	20,686	17,426
Operating lease liability	(292,321)	(276,748)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(5,723,451)	(1,188,381)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(6,723,009)	(22,290,974)
Proceeds from sale of investments	9,791,581	16,675,327
Collections on note receivable	40,000	40,000
Purchase of property and equipment	(40,438)	(177,299)
NET CASH FLOWS FROM INVESTING ACTIVITIES	3,068,134	(5,752,946)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(475,827)	(440,238)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(475,827)	(440,238)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,131,144)	(7,381,565)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,791,683	14,173,248
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,660,539	$ 6,791,683
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Purchase of license in accounts payable and accrued expenses	$ 509,125	$ 509,125
Right of use assets obtained in exchange for new operating lease liability	$ -	$ 1,151,680
Deferred rent reclassified against right of use assets	$ -	$ 202,283

See Notes to Combined Financial Statements

(1) Summary of significant accounting policies

Nature of operations – United Way of Salt Lake ("UWSL") is a nonprofit organization, incorporated in the state of Utah. Effective July 1, 2023, UWSL was renamed Utah's Promise ("UP"). Additionally, during fiscal 2024, United Way of Salt Lake formed a new organization, United Way of Greater Salt Lake d/b/a United Way of Salt Lake ("UWGSL"), which received its 501(c)(3) designation in September 2023 with an effective date of June 15, 2023. Each nonprofit organization is governed by a separate Board of Directors that are comprised of business and community members. Nominations to each board are made through a joint Governance Committee and recommendations from the Governance Committee for each Board are approved by the respective Board of Directors (the Utah's Promise Board also approves the United Way of Salt Lake Board nominations). Together, United Way of Salt Lake and Utah's Promise focus on building and supporting partnerships and civic infrastructure necessary to help every Utahn in need access the resources and supports available in our social care system, and to help every child in Utah achieve their potential through education from birth-to-career. UP includes Utah's Promise Alliance, the philanthropic leadership infrastructure that enables aligned, data-driven, and results-focused action among philanthropic entities.

Barriers in education, economic and health systems limit opportunities and inhibit the ability of many in their community to achieve their potential. As a result, the combined organization works to improve outcomes and close equity gaps in these areas. To address these complex issues most effectively, the combined organization develops comprehensive, cross-sector partnerships that work together to achieve population-level results (in addition to individual/program-level results). These "Promise Partnerships" build cradle-to-career infrastructure and focus their efforts on changing systems and aligning efforts in neighborhoods and communities where the needs are greatest and where key partners are willing to work together. The strategies, programs, and services implemented by these partnerships (involving hundreds of community partners, schools, and businesses) happen through regional and community-focused "collaborative action networks," and through "community schools" or neighborhood centers that function as hubs of services and supports for their communities. In addition, the organization operates 2-1-1, which provides information and service navigation to people in crisis so that they can access basic needs resources like food, shelter, health, and safety. The organization also advocates at all levels of government on a public policy agenda that is tied to its areas of focus, which are education, economic mobility, health, and basic needs. Finally, UWSL also processes and distributes donations to more than 200 additional nonprofit organizations at the specific request of individual donors.

During fiscal year 2024, UP contributed certain asset and liabilities to UWGSL totaling approximately $7,432,000. The organizations have a cost sharing agreement in which UP and the UWGSL have determined that it is to their mutual benefit to share employees, facilities, office space and equipment, and for UWGSL to reimburse UP for its allocable share of the costs of these resources. At June 30, 2024, UWGSL owed UP approximately $2,517,000 under this agreement. Additionally, UWGSL owed UP approximately $1,525,000 for other expenses paid by UP on behalf of UWGSL.

The significant accounting policies followed by UP and UWGSL, collectively referred to in these combined financial statements as the "Organization", are summarized below:

Combined financial statements – The accompanying combined financial statements include the accounts of UP and UWGSL, both of which are under common control. All significant intercompany transactions and accounts have been eliminated in combination.

(1) **Summary of significant accounting policies (continued)**

Basis of presentation – The accompanying financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements.* Under FASB ASC 958-205, the Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Net assets with donor restrictions include those 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 perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statement of activities and change in net assets.

Prior year summarized comparative information – The combined financial statements and certain notes include prior year summarized comparative information in total for UWSL. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with UWSL's financial statements for the year ended June 30, 2023, from which the summarized comparative information was derived.

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

Cash and cash equivalents – The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Contributions receivable – Contributions receivable that are to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, contributions receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the contribution receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Organization's past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discount is recorded as contributions with donor restrictions in the combined statement of activities and change in net assets.

The Organization uses the allowance method to determine uncollectible contributions. The allowance is based on historical experience and management's analysis of specific balances.

(1) Summary of significant accounting policies

Property and equipment – Property and equipment are recorded on the cost basis for items purchased or estimated fair market value at the date of gift for donated items. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. The Organization capitalizes property and equipment with a cost over $500 and an estimated useful life of two years or more. Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

Assets	Estimated Useful Lives
Furniture, fixtures, and equipment	3 - 10 years
Leasehold improvements	6 - 10 years
Computer equipment	2 - 7 years
Software	2 - 7 years
Vehicles	3 - 5 years
2-1-1 call center equipment	3 - 7 years

Long-lived assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded during the years ended June 30, 2024 and 2023.

Investments – The Organization reports investments in equity and debt securities at fair value. The fair values of investments in exchange traded funds and mutual funds are based on quoted market prices. The fair value of investments in certificates of deposit and fixed income securities with readily determinable fair values is based upon quoted market prices or publicly available net asset values. If quoted market prices are not available, fair value is determined using one, or a combination, of the following methods (1) a matrix pricing for similar instruments, (2) quoted prices for recent trading activity of assets with similar characteristics to the instrument or (3) using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk and a credit value adjustment to consider the likelihood of counterparty nonperformance, after consideration for the impact of collateralization and netting agreements, if applicable.

Other investments – Investments in unconsolidated joint ventures or affiliates over which the Organization has significant influence are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, plus the Organization's equity in the undistributed earnings or losses since acquisition. Investments in joint ventures which the Organization does not have the ability to exert significant influence over the investee's operating and financing activities are accounted for under the cost method of accounting. The Organization's investment in United Way Digital Holdings, LLC was accounted for under the cost method due to management's assessment of the Organization's lack of influence over this joint venture. See Note 16.

(1) Summary of significant accounting policies (continued)

Contributions – Donations are primarily obtained from corporations, individuals and foundations. Organizations and individuals may choose to designate all or part of their contributions to specific programs. In addition, contributions are received from federal, state and local government grants. FASB ASU No. 2018-08, *Not-For-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* clarifies the characterization of grants as either reciprocal transactions (exchanges) or nonreciprocal transactions (contributions). ASU 2018-08 also provides additional guidance to distinguish between conditional and unconditional contributions. In accordance with ASU 2018-08, the Organization evaluates grants and contributions for evidence of the transfer of commensurate value from the Organization to the grantor or resource provider. The transfer of commensurate value from the Organization to the grantor or resource provider may include instances when a) the goods or services provided by the Organization directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Organization. When such factors exist, the Organization accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customer*, or other appropriate guidance. In the absence of these factors, the Organization accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Organization to the resource provider, the Organization evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Organization and the right of return to the resource provider. A barrier to entitlement is subject to judgement and generally represents an unambiguous threshold for entitlement that provides clarity to both the Organization and the resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Organization to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Organization recognizes amounts received from unconditional contributions at the time the Organization receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by the Organization.

The Organization has received certain conditional reimbursement grants, the conditions on which are the incurrence of qualifying expenses. As of June 30, 2024 and 2023, there was approximately $1,049,000 and $753,000, respectively, for which the conditions, the incurrence of qualifying expenses, had not yet been met.

The Organization accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions on the combined statement of activities and change in net assets depending on the nature of the restriction. All contributions are considered to be available for use unless specifically restricted by the donor. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and change in net assets as net assets released from restrictions.

(1) Summary of significant accounting policies (continued)

Additionally, contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as contributions without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as contributions with donor restrictions. The restrictions are considered to be released at the time such long-lived assets are placed into service. Contributions with donor restrictions, where restrictions are fulfilled in the same period in which the contribution is received, are shown as additions to contributions without donor restrictions.

Donated non-financial assets (in-kind contributions) – The Organization presents contributed nonfinancial assets separately on the combined statement of activities and change in net assets as in-kind contributions.

Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value as of the date of donation. The Organization receives donated specialized consulting services, printing, radio, newspaper, and television advertising, prizes for special events, catering and other goods and services. Donated services are recognized as contributions in accordance with FASB 958-605 if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Many individuals have donated significant amounts of their time in organizational governance, program services and resource development efforts. For the years ended June 30, 2024 and 2023, approximately $95,000 and $177,000, respectively, have been reflected in the combined financial statements for volunteer services that met the criteria for recognition. These amounts are included within contracted outside services below.

The Organization received the following donated materials and services which are included in in-kind contributions:

Contribution	Used For	2024	2023
Donated auction items	Resource development and special events	$ 46,116	$ 49,063
Donated auction items	Programs	45,000	-
Contracted outside services	Collective Impact	5,184	12,771
Contracted outside services	Collective Impact	90,000	164,000
		$ 186,300	$ 225,834

Donated outside services and auction items are valued using estimated prices of identical or similar services and products in the local retail markets (Level 2 inputs). The Organization's general practice is to monetize donated auction items at the event for which the items were intended to support and to utilize donated services for program activities. None of the donated nonfinancial assets had donor restrictions.

Agency transactions – The Organization, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and other United Ways. These donations are transferred to the designated recipients based on the wishes of the donor.

Functional expenses – The Organization follows guidelines established by United Way Worldwide's "Functional Expenses and Overhead Reporting Standards" for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based upon custom segment codes and the "full-time equivalent" methods of cost allocation. The categories for reporting functional expenses are as follows:

(1) Summary of significant accounting policies (continued)

Program services

Promise Partnerships – Collective Impact is a rigorous approach to collaboration in which cross-sector partners share accountability for population-level results and use data to develop aligned and mutually-reinforcing strategies. The Organization's focus is on building cradle to career civic infrastructure that advances education, economic mobility and health outcomes within the Salt Lake region. Together with its many partners, the Organization works to create a vision and set goals, align programs, activities and strategies, support continuous improvement and measure success by tracking and sharing data, and engage the broader community.

The Organization serves in the unique and critical role of "backbone" to facilitate these partnerships and to bring people and organizations together to align efforts and resources. This ensures that there is a pipeline of support for children and their families from birth to career.

Through collaboration with many community partners, the Organization's Promise Partnerships work to achieve eight main goals: 1) children enter kindergarten ready to learn; 2) students are proficient in reading by 3rd grade; 3) students are proficient in math by 8th grade; 4) students graduate from high school and are college or career ready; 5) students enroll in and complete post-secondary education; 6) families are financially stable; 7) children and adults are healthy; 8) people's most basic needs of food, shelter, health and safety are met.

Through the Organization's community schools and neighborhood centers, which are located in some of the community's most economically challenged neighborhoods in Bountiful, Clearfield, Salt Lake City, South Salt Lake, Millcreek, Kearns, and Midvale, parents receive adult education courses including employment readiness, financial management, language, and computer classes. Kids can get involved in academic and youth development activities, including after-school and tutoring, mentoring and reading programs, physical activities, art and other enrichment opportunities. On-site basic health screenings, mental and dental health services and preventative care are also provided.

Promise Partnership community schools and neighborhood centers are located within already existing facilities in schools, apartment complexes, and community centers, so that valuable and scarce resources go directly to programs and services, rather than to constructing buildings.

The Organization works as an integral partner with schools, cities, state government, businesses, churches, and nonprofits to guide the vision and strategies, build public will, support aligned activities, establish shared measurement systems, mobilize funding, advance public policies, and engage volunteers. Its nationally recognized model of civic infrastructure is designated as a Systems Transformation organization by StriveTogether (strivetogether.org) for its success in improving outcomes for children and families.

2-1-1 Utah – 211 Utah is a critical part of Utah's health and human service delivery system, comprised of over 2,500 organizations providing more than 8,800 services. 211 makes nearly 300,000 connections to housing, food, transportation, and other essential resources each year. Additionally, 211 works with health systems, the State and others to provide customized support and service navigation to specific populations and helps support community service providers through free training and data insights to help improve service delivery. 211 houses vast amounts of data that identify disparities and gaps in services throughout Utah. This information is passed along to elected officials and those who lead our publicly funded agencies to better advocate and inform the way resources and support systems are delivered to Utahns.

(1) Summary of significant accounting policies (continued)

Support services

Management and general – Includes overall direction and administration of the Organization and ensures that the Organization is well-managed; is responsible for strategic planning and overall development of organization; develops and strengthens community relationships, including maintaining a strong and effective Board of Directors, has responsibility for all staff functions, including hiring, training, human resource management, and benefits administration; properly and accurately maintains general records; is responsible for fiscal management, including financial statements, audits, contributions and accounts receivable, accounts payable and in-kind contributions.

Resource development – Secures the resources necessary to support the organizational mission and business model. Researches, develops and implements new strategies and best practices to strengthen current resource development efforts. Increases revenue by broadening the base of support through the development of new revenue streams. Cultivates and maintains relationships with current and prospective donors. Engages staff and the Board of Directors in the process to cultivate donors and secure revenue. Develops, implements, and manages current and prospective donor cultivation and stewardship practices. In cooperation with the Collective Impact Department, researches and writes foundation and government grants to secure revenue to advance the Organization's work.

Advertising costs – Advertising costs are expensed when incurred. Advertising expense totaled $3,544 and $30,128 for the years ended June 30, 2024 and 2023, respectively. Additionally, approximately $5,184 and $5,675 of advertising was donated for the years ended June 30, 2024 and 2023, respectively, which is included within in-kind expenses in the accompanying combined statement of functional expenses. Amounts not donated in-kind are sponsored directly through corporate advertising sponsors.

Income taxes – UP and UWGSL are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes. Accordingly, no provision for income taxes has been reflected in the Organization's combined financial statements. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts. The Organization management does not believe there are any material uncertain tax positions and, accordingly, the Organization has not recognized any liability for unrecognized tax benefits.

The Organization's policy is to record income tax penalties and interest expense in their combined financial statements. During the years ended June 30, 2024 and 2023, the Organization incurred no penalties and interest. UP's Federal Returns of Organizations Exempt from Income Tax (Form 990) for 2021, 2022, and 2023 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed. As of the date of this report, the UP and UWGSL's 2024 returns had not yet been filed.

(1) Summary of significant accounting policies (continued)

Fair value measurement – FASB ASC 820*, Fair Value Measurement,* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Recent accounting pronouncements – In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in existing lease accounting guidance.

The Organization adopted Topic 842 effective July 1, 2022 under the modified retrospective approach. The Organization adopted the package of practical expedients to (1) not reassess whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases. In addition, the Organization elected the practical expedient to use hindsight in determining the lease term for existing leases. The Organization also elected to use the risk-free rate as the practical expedient for the determination of a discount rate for the right-of-use asset and corresponding lease liabilities. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities and change in net assets. The most significant impact was the recognition of right-of-use ("ROU") assets and lease liabilities for operating leases. Adoption of the standard resulted in the recording of ROU assets and lease liabilities of approximately $949,000 and $1,152,000, respectively, and the removal of $202,283 of deferred rent as of July 1, 2022. See Note 11 for further information regarding adoption.

(1) Summary of significant accounting policies (continued)

Effective July 1, 2023, the Organization adopted ASC Topic 326, *Financial Instruments-Credit Losses*, using the modified retrospective approach. Under the new standard, the Organization is required to use a current expected credit loss ("CECL") model that will immediately recognize an estimate of credit losses that are expected to occur over the life of financial instruments, including trade receivables. The CECL model uses a broader range of reasonable and supportable information in the development of credit loss estimates. The adoption did not have a material impact on the Organization's combined financial statements.

(2) Contributions receivable

Contributions receivable consists of the following as of June 30:

	2024	2023
Amounts due in:		
Less than one year	$ 4,819,396	$ 3,512,081
One to five years	3,585,000	4,245,000
Totals	8,404,396	7,757,081
Less allowance for uncollectible contributions	(433,996)	(712,323)
Less unamortized discount	(586,166)	(805,288)
Contributions receivable, net	$ 7,384,234	$ 6,239,470

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using an average discount rate of 6.5% at June 30, 2024 and 6.45% at June 30, 2023. At June 30, 2024, three donors comprised approximately 75% of total contributions receivable. At June 30, 2023, one donor comprised approximately 67% of total contributions receivable.

(3) Property and equipment

The cost and related accumulated depreciation and amortization of property and equipment as of June 30 consisted of the following:

	2024	2023
Cost		
Furniture, fixtures, and equipment	$ 88,593	$ 85,892
Leasehold improvements	141,834	141,834
Computer equipment	271,697	233,960
Software	415,502	415,502
Vehicle	24,804	24,804
Total cost	942,430	901,992
Less accumulated depreciation and amortization	(638,472)	(527,389)
Property and equipment, net	$ 303,958	$ 374,603

Depreciation and amortization expense charged to operations was $111,083 and $94,550 for the years ended June 30, 2024 and 2023, respectively.

(4) Investments

Investments by major type as of June 30 consist of the following:

	2024	2023
Exchange traded funds	$ 4,397,696	$ 4,057,584
Corporate bonds	389,780	71,871
Bond funds	2,627,959	5,677,366
Government bonds	980,326	979,999
Mutual funds - equity funds	365,000	315,000
Certificates of deposit	2,321,971	2,225,642
Total investments	$ 11,082,732	$ 13,327,462

Investment returns for the year ended June 30, 2024 are summarized by net asset class as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	$ 567,175	$ 11,741	$ 578,916
Realized gains on sale of investments	22,114	-	22,114
Unrealized gains on investments	636,781	51,240	688,021
Investment advisor fees	(107,913)	(6,141)	(114,054)
Total return on investments	$ 1,118,157	$ 56,840	$ 1,174,997

Investment returns for the year ended June 30, 2023 are summarized by net asset class as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	$ 585,272	$ 11,147	$ 596,419
Realized gains on sale of investments	267,994	-	267,994
Unrealized gains on investments	193,550	39,028	232,578
Investment advisor fees	(77,176)	(5,021)	(82,197)
Total return on investments	$ 969,640	$ 45,154	$ 1,014,794

(5) Split-interest agreements and beneficial interests in charitable support trusts

The Organization is a co-beneficiary of a charitable remainder unitrust ("CRUT") that terminates after the death of the primary beneficiary. UP will receive 33% of the remaining principal and income, if any, upon termination of the trust. The Organization's pro-rata interest in the trust is recorded at the fair value of the assets contributed to the trust and is permanently restricted.

The Organization is also a beneficiary of three irrevocable perpetual charitable support trusts ("CSTs", "CSTI" or "CSTII"). After the death of the donor, the CSTs were funded by a CRUT that was established to fund the CSTs. Under the CSTI, CSTII and CSTIII agreements, 50%, 60% and 85%, respectively, of the total annual income of CSTs will be distributed to multiple beneficiaries, in specific percentages. UP will receive 12.5%, 8.0% and 85% from CSTI, CSTII and CSTIII, respectively, of the total annual income of the CSTs. For CSTI and CSTII, the Organization is required to apportion and distribute 40% of the income it receives from the CSTs directly to two other designated co-beneficiary organizations.

(5) Split-interest agreements and beneficial interests in charitable support trusts (continued)

Additionally, the trustees of CSTI, CSTII and CSTIII will meet annually to determine what, if any, portion of the other 50%, 40% and 15%, respectively, of the income and distributable principal, according to the trustees' discretion, to allocate and distribute between the beneficiaries. The Organization will recognize the trust income received as unrestricted support revenue with a corresponding donor designation contra support revenue and due to partners payable for the 40% portion owed to the two other designated co-beneficiary organizations for CSTI and CSTII.

During the years ended June 30, 2024 and 2023, the Organization recognized income from the CSTs totaling $233,362 and $294,540, respectively, which was recorded as support revenue without donor restriction. During the years ended June 30, 2024 and 2023, the Organization also recorded donor designation contra support revenue of $40,108 and $46,560, respectively, representing the co-beneficiaries' interest in the income received. As of June 30, 2024 and 2023, there were no amounts due from CSTs.

The Organization attempted to obtain and determine the fair values of the Organization's portion of the net assets of the CSTs. No such information was available to determine a fair value in the net assets of the CSTs and accordingly, no permanently restricted beneficial interests in charitable support trust asset and corresponding permanently restricted support revenue will be recognized in the combined financial statements due to the inability to obtain the information from the CSTs. The Organization will continue to monitor and assess information available to determine the fair value of the CSTs and will record the asset and related revenue if and when the information is available.

(6) Due to partners

Payments due to partners consisted of donor contributions designated for partners of $288,476, net of an allowance for uncollectible designated contributions of $0, as of June 30, 2024. Payments due to partners consisted of donor contributions designated for partners of $195,318, net of an allowance for uncollectible designated contributions of $0, as of June 30, 2023.

(7) Board designated net assets

Board designated net assets consist of board designated endowment funds of $902,447 and $872,818 as of June 30, 2024 and 2023, respectively. Board designated endowment funds as of June 30, 2024 and 2023, includes $52,197 and $76,128, respectively, for the Deborah S. Bayle Scholarship Fund for Youth.

(8) Long-term debt

In August 2013, a Social Impact Bond program for early childhood education was established in Utah. Through a partnership led by the Organization, a Utah High Quality Preschool Program ("UHQPP") was established with funding from private investors ("Lenders"). UHQPP is established to deliver high impact and targeted curriculum to increase readiness and academic performance among 3 and 4 year olds. By entering kindergarten better prepared, it is expected that fewer children will need special education and remedial service in kindergarten through the 12th grade, which results in cost saving for school districts and the State of Utah.

The State of Utah did not initially join the program as a repayment partner in 2013. However, in March of 2014, the Utah State Legislature passed House Bill ("HB") 96, the Utah School Readiness Initiative, and allocated funds to support grants to education agencies and private providers to increase the quality of early childhood programming throughout Utah. As such, UHQPP is comprised of two parts:

(8) Long-term debt (continued)

(1) Proof of Concept, or first cohort (commencing with school year 2013 – 2014); and
(2) State of Utah HB96, or second through fifth cohorts (commencing each school year after school year 2013 – 2014 for the school years 2014 – 2018).

Children selected for UHQPP are given the Peabody Picture Vocabulary Test, a predictive evaluation that serves as an indicator of their likely usage of resource special education and remedial services. Students that test two standard deviations below the mean are therefore likely to use special education services and are tracked as they progress through each year. These students form the separate annual cohorts and associated payment cohorts.

Success of UHQPP is evaluated by an independent evaluator each year and every year a student in a payment cohort does not use resource special education services, Success Payments will be generated and paid to the Lenders.

Funding for the first cohort occurred in August 2013, the second cohort occurred in September 2014, the third cohort occurred in October 2015, the fourth cohort occurred in October 2016 and the fifth cohort occurred in November 2017. The funding for the five cohorts has been entered into between the Organization and the same private lender which holds the senior loan agreements and the same private lender that holds the subordinate loan agreements. The loans for cohort one bear interest at 5% per year calculated on a simple interest basis and mature eight years after the initial advance date. An additional feature of the loans for cohort one is that the loan provides for the possibility of additional "success payments" to investors based on the success of the program.

The loans for cohorts two through five bear interest which is capped at 5% above the Municipal Market Data General Obligation Bond Rate as of the date the contract is executed. The interest rate on cohorts one through five was 5% as of June 30, 2024 and 2023.

Principal and interest payments are due under both the senior and subordinate loans on the anniversary date of the initial advance, beginning on the third anniversary of the initial advance.

Upon maturity of the senior loans and subordinate loans and after application in full of all Success Payments, and subject to any liability that the Organization may have under limited resource carve-out agreements, the senior lender and the subordinate lender shall forgive any unpaid obligations with respect to any unpaid principal balance and any accrued and unpaid interest of the senior loans and subordinate loans, respectively.

The funding balances for the cohorts are as follows:

<u>First Cohort</u>
A principal amount of $1,110,000 was borrowed by the Organization on the first cohort. In association with the funds, The Organization transferred funds totaling $1,262,500 into a separate restricted cash Performance Account. Pursuant to the independent evaluator's report, Success Payments in the total amount of $267,478 and $250,142 were distributed to the lenders in September 2015 and October 2016, respectively. As of June 30, 2024 and 2023, there was no Performance Account balance.

As of June 30, 2024 and 2023, there was no outstanding balance associated with the first cohort on either the senior loan and the subordinate loan and there was no remaining accrued interest on the loans.

(8) Long-term debt (continued)

Success Payments, as defined in the loan agreements, are an amount equal to a percentage of the Per Child Success Amount, which is equal to a specified rate per child. Prior to the repayment of principal and interest, the payments to Lenders are based on an amount which is 95% of the Per Child Success Amount. Subsequent to the payment of principal and interest for the first cohort only, additional Success Fees may be paid and are based on a reduced percentage of the Per Child Success Amount, which is 40%. For the first cohort, all payments to Lenders are limited to the total amount held in the Performance Account.

Second through Fifth Cohorts

Principal amounts were borrowed by the Organization for Cohorts Two through Five as follows:

Cohort Two	$	1,063,500
Cohort Three	$	1,138,500
Cohort Four	$	1,570,125
Cohort Five	$	1,631,000

For the Second through Fifth Cohorts, the Organization acts as a contractor for the School Readiness Board agency ("SRB") of the State of Utah with oversight responsibility and the State of Utah will provide the funding through the SRB.

The additional funding that the Organization expects to receive from the State of Utah to repay the Second through Fifth Cohort loans is recorded in other assets and totaled $343,920 and $836,854 at June 30, 2024 and 2023, respectively.

After funding the applicable school year, subsequent investments will be made based on the availability of funds from the State of Utah. If the preschool program does not result in increased school readiness and decreased use of special education services, then there is no obligation on the part of the State of Utah or the Organization to repay the loan. The Lenders retain the risk of non-payment under the agreement.

As of June 30, 2024, the outstanding balances associated with the Second through Fifth Cohorts on the senior and subordinate loans were as follows:

	Senior Lender	Subordinate Lender	Total
Cohort Two	$ -	$ -	$ -
Cohort Three	-	-	-
Cohort Four	-	27,946	27,946
Cohort Five	-	302,835	302,835
Total	$ -	$ 330,781	$ 330,781

As of June 30, 2023, the outstanding balances associated with the Second through Fifth Cohorts on the senior and subordinate loans were as follows:

	Senior Lender	Subordinate Lender	Total
Cohort Two	$ -	$ -	$ -
Cohort Three	-	-	-
Cohort Four	-	271,842	271,842
Cohort Five	-	534,766	534,766
Total	$ -	$ 806,608	$ 806,608

(8) Long-term debt (continued)

Accrued interest on the loans as of June 30 was as follows:

	2024	2023
Cohort Two	$ -	$ -
Cohort Three	-	-
Cohort Four	1,110	10,192
Cohort Five	12,029	20,054
Total	$ 13,139	$ 30,246

Accrued interest is included in accounts payable and accrued expenses in the accompanying combined statements of financial position. Corresponding amounts of accrued interest receivable are included in other assets on the accompanying combined statements of financial position.

Success Payments to the Lenders will be made equal to 95% of the Per Child Success Amount, which is equal to a specified rate per child for every year from kindergarten through sixth grade. The State of Utah will retain 5.0% of the Per Child Success Amount for each year from kindergarten through sixth grade or until the Lenders have received the maximum payment amount based on an interest rate not to exceed 5.0% more than the Municipal Market Data General Obligation Bond AAA scale for a 10-year maturity. From the seventh grade through twelfth grade, the State of Utah retains 100% of the avoided costs.

In November 2019, the Organization entered into a contract with the Utah Department of Workforce Service ("DWS") to continue as the fiscal intermediary for the School Readiness Social Impact Bond. In accordance with this contract, UP will manage the financial transactions for Cohorts one through five. DWS will take over the State's responsibility from the Governor's Office of Management and Budget, and DWS is now responsible for managing the ongoing evaluation and running of the School Readiness Board which oversees the Social Impact Bonds and approves payments.

(9) Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2024	2023
Community Fund	$ 217,515	$ 574,589
Other restricted grants	3,130,459	3,357,620
Sponsorships	25,815	97,890
Quasi-endowment	322,619	322,619
Endowment - accumulated earnings	231,374	174,534
2-1-1	-	421,022
Time restricted	3,473,835	4,314,712
Restricted in perpetuity	66,663	66,663
Net assets with donor restriction	$ 7,468,280	$ 9,329,649

Net assets released from restrictions totaled $3,714,487 and $7,621,105 for the years ended June 30, 2024 and 2023, respectively. Net assets released from restrictions relate to collections on contributions receivable and the satisfaction of time and purpose restrictions on funds as specified by donors.

(9) Net assets with donor restrictions (continued)

Net assets with donor restrictions in perpetuity consisted of the following as of June 30:

	2024	2023
Beneficial interest in charitable trusts	$ 16,663	$ 16,663
Children's Initiative Endowment Investment	50,000	50,000
Net assets with donor restrictions in perpetuity	$ 66,663	$ 66,663

(10) Endowment

The Organization's endowment includes both donor-restricted endowments and funds designated by the Board of Directors to function as endowments.

As required by U.S. 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.

Interpretation of relevant law – The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as adopted by the State of Utah, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the perpetual 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 remaining portion of the donor restricted endowment fund that is not classified as donor restricted net assets in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor restricted endowment funds:

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

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

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 603,993	$ 603,993
Board-designated endowment funds	902,447	-	902,447
Total return on investments	$ 902,447	$ 603,993	$ 1,506,440

(10) Endowment (continued)

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

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 547,153	$ 547,153
Board-designated endowment funds	872,818	-	872,818
Total return on investments	$ 872,818	$ 547,153	$ 1,419,971

Changes in endowment net assets for the year ended June 30, 2024 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 872,818	$ 547,153	$ 1,419,971
Contributions	-	-	-
Investment return:			
Interest and dividends	30,906	11,741	42,647
Net appreciation (realized and unrealized)	96,451	51,240	147,691
Investment advisor fees	(13,128)	(6,141)	(19,269)
Total return on investments	114,229	56,840	171,069
Appropriation from endowment	(84,600)	-	(84,600)
Endowment net assets, end of year	$ 902,447	$ 603,993	$ 1,506,440

Changes in endowment net assets for the year ended June 30, 2023 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 1,002,535	$ 501,999	$ 1,504,534
Contributions	27,800	-	27,800
Investment return:			
Interest and dividends	23,879	11,147	35,026
Net appreciation (realized and unrealized)	95,948	39,028	134,976
Investment advisor fees	(11,082)	(5,021)	(16,103)
Total return on investments	108,745	45,154	153,899
Appropriation from endowment	(266,262)	-	(266,262)
Endowment net assets, end of year	$ 872,818	$ 547,153	$ 1,419,971

(10) Endowment (continued)

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 applicable state law requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in net assets without donor restrictions. As of June 30, 2024 and 2023, there were no such deficiencies.

Return objectives and risk parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to maximize long-term gains with an acceptable level of risk and to provide funding for special projects or initiatives, to act as an emergency funding source or to fund capital expenditures. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed appropriate nationally recognized performance indices (benchmarks) selected by the Investment Committee. Actual returns in any given year may vary from this amount.

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

Spending policy and how the investment objective relates to spending policy – Distribution of endowment funds are approved by the Board of Directors and are made when deemed appropriate. A guideline for distributions from the endowment fund earnings, on a fiscal year basis, is defined as 50% of the investment income growth (including income and capital appreciation), of the endowment funds, unless otherwise recommended by the Board of Directors.

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(11) Leases

The Organization leases facilities and office equipment under operating lease agreements with terms expiring in various years through July 2026. Most leases include one or more options to renew. The exercise of lease renewal options is at the Organization's sole discretion. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. ROU assets and liabilities for leases that are less than one year are not recorded.

The Organization used the risk-free rate for the leases included in the future commitments below in order to determine the present value of the ROU. The weighted average discount rate used by the Organization on all lease commitments is 2.87% at June 30, 2024 and 2023, respectively. The weighted average remaining lease term as of June 30, 2024 and 2023 is approximately 1.84 years and 2.84 years, respectively.

Operating lease expense and operating cash flows paid to fulfill operating lease commitments were $263,780 and $313,583 for the year ended June 30, 2024. Operating lease expense and operating cash flows paid to fulfill operating lease commitments were $263,780 and $306,143 for the year ended June 30, 2023.

(11) Leases (continued)

The maturities of lease liabilities as of June 30, 2024 are as follows:

Years Ending June 30,	
2025	321,024
2026	273,646
2027	480
Total lease payments	595,150
Less: interest	(12,539)
Present value of lease liability	$ 582,611

(12) Risks and uncertainties

Substantially all of the Organization's revenues and receivables are from businesses and individuals located in the Davis, Salt Lake, Summit, and Tooele County areas in the state of Utah. The Organization maintains cash and investments in bank and brokerage accounts which at times may exceed their federally insured limits of $250,000 set by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

The Organization also maintains accounts with stock brokerage firms and has beneficial interests in charitable trusts which maintain accounts with brokerage firms. The accounts contain cash, securities and other investments. The balances are insured by the Securities Investors Protection Corporation up to a ceiling of $500,000 with a $250,000 limit for cash claims. The Organization's investments in securities and beneficial interests in charitable trusts are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the combined financial statements.

For the year ended June 30, 2024, two donors comprised approximately 26% of total contributions and grants. For the year ended June 30, 2023, three donors comprised approximately 60% of total contributions and grants.

(13) Related party transactions

The Organization received related party contributions of approximately $312,000 and $319,000 for the years ended June 30, 2024 and 2023, respectively.

The Organization purchases legal, advertising and investment management services from companies that employ members of the Board of Directors. The Organization's Board Governance Committee reviews related party transactions for potential conflicts of interest. Payments and recognized donated services from these companies for the years ended June 30, 2024 and 2023 consisted of the following:

	2024	2023
Advertising services	$ -	$ 24,995
Legal services	17,528	18,986
Program services and other	750	4,454
Total	$ 18,278	$ 48,435

(13) <u>Related party transactions (continued)</u>

The Organization pays affiliate dues to the national United Way Organization. Total dues paid for the years ended June 30, 2024 and 2023 were $112,974 and $121,264, respectively. There were no amounts due at June 30, 2024 and 2023.

(14) <u>Retirement plan</u>

UP sponsors a 403(b) plan (the "Plan"), which reports on a calendar year. Benefits under the Plan are provided through a group annuity contract. Employer matching contributions to the Plan are equal to 100% of employee elective deferrals up to 6% of eligible gross wages. Employer contributions made to the Plan were $288,667 and $242,370 for the years ended June 30, 2024 and 2023, respectively.

(15) <u>Fair value measurement</u>

The following table sets forth, by level within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	$ 4,397,696	$ -	$ -	$ 4,397,696
Corporate bonds	389,780		-	389,780
Bond funds	2,375,050	252,909	-	2,627,959
Government bonds	801,507	178,819	-	980,326
Mutual funds - equity funds	365,000	-	-	365,000
Certificates of deposit	-	2,321,971	-	2,321,971
Beneficial interests in charitable trusts	-	-	16,663	16,663
Total	$ 8,329,033	$ 2,753,699	$ 16,663	$ 11,099,395

The following table sets forth, by level within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	$ 4,057,584	$ -	$ -	$ 4,057,584
Corporate bonds	71,871	-	-	71,871
Bond funds	2,223,879	3,453,487	-	5,677,366
Mutual funds - equity funds	810,353	169,646	-	979,999
Market linked certificates of deposit	315,000	-	-	315,000
Certificates of deposit	-	2,225,642	-	2,225,642
Beneficial interests in charitable trusts	-	-	16,663	16,663
Total	$ 7,478,687	$ 5,848,775	$ 16,663	$ 13,344,125

The investments in certificates of deposit are valued using the estimated cash flows based on terms such as the fixed rate of return as compared to the benchmark interest rates, which are market observable.

(15) Fair value measurement (continued)

The fair value of market linked certificates of deposit takes into account that the investments comprise both a debt component and a performance-based component linked to a specified index. The estimated value of the investments are determined using the counterparty's own pricing and valuation models, market inputs and assumptions relating to the specified index, instruments based on the index, volatility and other factors including current and expected interest rates, as well as the counterparty's estimated secondary market rate.

Beneficial interests in charitable trusts are valued using estimated rates of return on the assets held by the charitable trusts, the expected cash flows to be received when the assets are distributed from the trusts and the fair value of the underlying assets held by the trusts.

For the Level 2 and Level 3 assets, there were no changes in the valuation techniques during the years ended June 30, 2024 and 2023.

(16) Other investments

In February 2017, the Organization invested $400,000 in United Way Digital Holdings, LLC for an approximate 3% membership interest. The investment included a cash payment of $80,000 and the incurrence of $320,000 of long-term debt by entering into a promissory note payable for this amount to United Way Digital Holdings, LLC. The promissory note had a fixed interest rate of 4.0%, payable monthly, and the principal was payable in four equal installments of $80,000 beginning February 2018 and concluding in February 2021. In December 2018, the Organization's investment in United Way Digital Holdings, LLC was sold to United Way Worldwide for $400,000. The $400,000 of proceeds included a $160,000 note receivable from United Way Worldwide and United Way Worldwide's assumption of the Organization's $240,000 promissory note payable to United Way Digital Holdings, LLC.

The $160,000 note receivable from United Way Worldwide is to be repaid in four annual installments of $40,000, commencing with the first payment being due December 1, 2019 and maturing on December 1, 2023, and bears interest at 2.27%. As of June 30, 2024 the balance had been fully collected.

(17) Liquidity and availability of resources

The Organization monitors its cash position on a weekly basis to ensure the fulfillment of all obligations. As part of the Organization's liquidity plan, excess cash is invested in various investments. As of June 30, 2024 and 2023, the Organization's financial assets available within one year of the combined statement of financial position date for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	$ 3,660,539	$ 6,791,683
Contributions receivable due in one year or less, net of allowance	4,385,400	2,799,758
Current portion of note receivable	-	40,000
Investments	11,082,732	13,327,462
Total assets available for use within one year	19,128,671	22,958,903
Less: net assets with donor restrictions	(4,469,446)	(5,889,937)
Less: board designated net assets	(902,447)	(872,818)
Net assets available for general use within one year	$ 13,756,778	$ 16,196,148

(17) Liquidity and availability of resources (continued)

The Organization's investments could be readily liquidated without significant penalty to fund operating cash flow needs, except as noted above. Additionally, should the need arise, the Organization's Board of Directors could, through a majority vote, un-designate Board designated amounts and use the funds to support operating cash flow needs.

(18) Subsequent events

The Organization has evaluated subsequent events through November 13, 2024, which is the date these combined financial statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

We have audited the combined financial statements of Utah's Promise and United Way of Greater Salt Lake (collectively, the "Organization") as of and for the year ended June 30, 2024, and our report thereon dated November 13, 2024, which expresses an unmodified opinion on these combined financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position and combining statement of activities and change in net assets on pages 29 and 30 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations and cash flows of the individual organizations and are not a required part of the combined financial statements. The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

CBIZ CPAs P.C.[1]

November 13, 2024
Phoenix, Arizona

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[1] In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

ADDITIONAL INFORMATION

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2024

A S S E T S

	Utah's Promise	United Way of Greater Salt Lake	Eliminations	Combined
Cash and cash equivalents	$ 3,247,187	$ 413,352	-	$ 3,660,539
Contributions receivable, net	6,162,587	1,221,647	-	7,384,234
Prepaid expenses	84,091	-	-	84,091
Property and equipment, net	303,958	-	-	303,958
Investments	4,839,448	6,243,284	-	11,082,732
Other assets	4,571,620	343,920	(4,042,418)	873,122
Operating lease right-of-use-assets	472,495	-	-	472,495
Beneficial interests in charitable trusts	-	16,663	-	16,663
TOTAL ASSETS	$ 19,681,386	$ 8,238,866	$ (4,042,418)	$ 23,877,834

L I A B I L I T I E S A N D N E T A S S E T S

	Utah's Promise	United Way of Greater Salt Lake	Eliminations	Combined
Accounts payable and accrued expenses	$ 1,094,263	$ 4,215,025	(4,042,418)	$ 1,266,870
Due to partners	-	288,476	-	288,476
Due to other United Ways	-	481,887	-	481,887
Long-term debt	-	330,781	-	330,781
Other liabilities	38,112	-	-	38,112
Operating lease liability	582,611	-	-	582,611
TOTAL LIABILITIES	1,714,986	5,316,169	(4,042,418)	2,988,737
NET ASSETS				
Without donor restriction				
Undesignated	11,706,329	812,041	-	12,518,370
Board designated	-	902,447	-	902,447
With donor restriction	6,260,071	1,208,209	-	7,468,280
TOTAL NET ASSETS	17,966,400	2,922,697	-	20,889,097
TOTAL LIABILITIES AND NET ASSETS	$ 19,681,386	$ 8,238,866	$ (4,042,418)	$ 23,877,834

UTAH'S PROMISE AND UNITED WAY OF GREATER SALT LAKE

ADDITIONAL INFORMATION

COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2024

	Utah's Promise	United Way of Greater Salt Lake	Eliminations	Combined
SUPPORT, REVENUE, GAINS AND LOSSES				
Contributions	$ 639,715	$ 10,192,385	$ (7,431,602)	$ 3,400,498
Less donor designations	-	(234,889)	-	(234,889)
Contributions, net	639,715	9,957,496	(7,431,602)	3,165,609
Foundation contributions and private grants	2,065,650	892,592	-	2,958,242
Government grants	1,378,332	920,220	-	2,298,552
Special events and sponsorships	-	492,824	-	492,824
In-kind contributions	96,299	90,001	-	186,300
Return on investments	1,122,531	52,466	-	1,174,997
Other income	13,319	647,443	-	660,762
Total support, revenue, gains and losses before net assets released from restriction	5,315,846	13,053,042	(7,431,602)	10,937,286
NET ASSETS RELEASED FROM RESTRICTIONS	-	-	-	-
TOTAL SUPPORT, REVENUE, GAINS AND LOSSES	$ 5,315,846	$ 13,053,042	$ (7,431,602)	$ 10,937,286
EXPENSES				
Program Services				
Program expense	$ 11,220,433	$ 8,302,888	$ (7,431,602)	$ 12,091,719
Less donor designations	-	(234,889)	-	(234,889)
Total Program Services	11,220,433	8,067,999	(7,431,602)	11,856,830
Support Services	1,243,345	2,062,346	-	3,305,691
TOTAL EXPENSES	12,463,778	10,130,345	(7,431,602)	15,162,521
CHANGE IN NET ASSETS	(7,147,932)	2,922,697	-	(4,225,235)
NET ASSETS, BEGINNING OF YEAR	25,114,332	-	-	25,114,332
NET ASSETS, END OF YEAR	$ 17,966,400	$ 2,922,697	$ -	$ 20,889,097