

**UNITED WAY OF WESTERN
CONNECTICUT, INC. AND ITS SUBSIDIARY**

Consolidated Financial Statements

**Year Ended June 30, 2023
(with comparative totals for 2022)**

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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Independent Auditor's Report

The Board of Directors
United Way of Western Connecticut, Inc. and its Subsidiary
Danbury, Connecticut

Opinion

We have audited the accompanying consolidated financial statements of United Way of Western Connecticut, Inc. and its Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Western Connecticut, Inc. and its Subsidiary as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Western Connecticut, Inc. and its Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 U.S. 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 consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Western Connecticut, Inc. and its Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Western Connecticut, Inc. and its Subsidiary'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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, United Way of Western Connecticut, Inc. and its Subsidiary changed its method of accounting for leases by adopting Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*, effective July 1, 2022.

The Board of Directors
United Way of Western Connecticut, Inc. and its Subsidiary

Report on Summarized Comparative Information

We have previously audited United Way of Western Connecticut, Inc. and its Subsidiary's consolidated financial statements as of and for the year ended June 30, 2022, and we expressed an unmodified audit opinion on those consolidated financial statements dated December 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Cirone Friedberg, LLP

Shelton, Connecticut
December 4, 2023

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,395,771	\$ 430,318
Investments	4,768,687	6,073,506
Promises to Give, Net of Allowance for Uncollectible Promises of \$36,514 in 2023 and \$32,627 in 2022	433,557	872,544
Designations Receivable from Others, Net of Allowance for Uncollectible Designations of \$4,942 in 2023 and \$9,038 in 2022	16,474	39,036
Grants Receivable	325,411	47,252
Prepaid Expenses and Other Assets	63,918	162,115
Security Deposit	15,000	15,000
Improvements, Furniture, Equipment and Software, Net	57,812	863,084
Right-of-Use Assets - Operating Leases	332,295	-
Agency Assets	55,229	60,589
Total Assets	<u>\$ 8,464,154</u>	<u>\$ 8,563,444</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 599,122	\$ 647,556
Revenue Received in Advance	38,786	52,440
Refundable Advances on Grants	1,199,947	10,000
Operating Lease Liabilities	331,229	-
Agency Liabilities	55,229	60,589
Total Liabilities	<u>2,224,313</u>	<u>770,585</u>
<u>Net Assets</u>		
Without Donor Restriction:		
Net Investment in Improvements, Furniture, Equipment and Software	57,812	863,084
Board Designated - Children's Programs and Services	309,666	309,666
Board Designated - Other	3,301,149	4,032,048
Undesignated - Available for Operations	476,426	50,000
Total Without Donor Restriction	<u>4,145,053</u>	<u>5,254,798</u>
With Donor Restriction	<u>2,094,788</u>	<u>2,538,061</u>
Total Net Assets	<u>6,239,841</u>	<u>7,792,859</u>
Total Liabilities and Net Assets	<u>\$ 8,464,154</u>	<u>\$ 8,563,444</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(with comparative totals for 2022)

	2023		2022	
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>Total</u>
Revenues, Gains and Other Support				
Campaign Revenue:				
Total Amounts Raised in Campaigns	\$ 1,954,382	\$ 3,000	\$ 1,957,382	\$ 2,121,301
Less: Amounts Raised on Behalf of Others - Designations, Net	(897,482)	-	(897,482)	(1,208,865)
Less: Provision for Uncollectible Promises	(36,514)	-	(36,514)	(32,627)
	<u>1,020,386</u>	<u>3,000</u>	<u>1,023,386</u>	<u>879,809</u>
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	8,000	-	8,000	214,765
Campaign Revenue, Net	<u>1,028,386</u>	<u>3,000</u>	<u>1,031,386</u>	<u>1,094,574</u>
Designations from Other United Ways, Net	50,200	-	50,200	88,757
Contributions and Sponsorships	2,041,265	560,399	2,601,664	2,081,797
Fund-raising Events	86,924	-	86,924	3,956
Grants	1,681,244	-	1,681,244	1,814,687
Interest and Investment Income (Loss), Net	515,864	-	515,864	(869,762)
Fees and Other Income	21,810	-	21,810	8,822
Contributed Nonfinancial Assets	464,583	-	464,583	156,714
Total	<u>5,890,276</u>	<u>563,399</u>	<u>6,453,675</u>	<u>4,379,545</u>
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	177,850	(177,850)	-	-
Satisfaction of Time and Purpose Restrictions	828,822	(828,822)	-	-
Total Net Assets Released from Restrictions	<u>1,006,672</u>	<u>(1,006,672)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>6,896,948</u>	<u>(443,273)</u>	<u>6,453,675</u>	<u>4,379,545</u>
Expenses				
Functional Expenses:				
Program Services:				
Community Impact Grants, Other Distributions and Program Expenses	5,295,798	-	5,295,798	5,699,349
Support Services:				
Resource Development and Marketing	661,099	-	661,099	448,195
Management and General	798,735	-	798,735	698,047
Total Support Services	<u>1,459,834</u>	<u>-</u>	<u>1,459,834</u>	<u>1,146,242</u>
Total Functional Expenses	6,755,632	-	6,755,632	6,845,591
Other Expense:				
Impairment Loss on Software	1,227,873	-	1,227,873	-
Cost of Direct Benefits to Donors	23,188	-	23,188	-
Total Expenses	<u>8,006,693</u>	<u>-</u>	<u>8,006,693</u>	<u>6,845,591</u>
Change in Net Assets	(1,109,745)	(443,273)	(1,553,018)	(2,466,046)
Net Assets at Beginning of Year	<u>5,254,798</u>	<u>2,538,061</u>	<u>7,792,859</u>	<u>10,258,905</u>
Net Assets at End of Year	<u>\$ 4,145,053</u>	<u>\$ 2,094,788</u>	<u>\$ 6,239,841</u>	<u>\$ 7,792,859</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,553,018)	\$ (2,466,046)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	272,135	156,146
Impairment Loss on Software	1,227,873	-
Amortization of Right-of-Use Assets - Operating Leases	129,876	-
Provision for Uncollectible Promises to Give	36,514	32,627
Provision for Uncollectible Designations	4,942	9,038
Donated Investments	(250,000)	(2,700,000)
Donated Software	(10,649)	(73,953)
Realized Losses (Gains) on Sale of Investments	72,589	(304,479)
Unrealized (Appreciation) Depreciation on Investments	(467,135)	1,266,707
Changes in:		
Promises to Give	402,473	2,346,762
Designations Receivable from Others	17,620	(10,415)
Grants Receivable	(278,159)	434,948
Prepaid Expenses and Other Assets	98,197	(41,570)
Agency Assets	5,360	9,897
Accounts Payable and Accrued Expenses	(48,434)	(577,319)
Revenue Received in Advance	(13,654)	(2,131)
Refundable Advances on Grants	1,189,947	10,000
Operating Lease Liabilities	(130,942)	-
Agency Liabilities	(5,360)	(9,897)
Total Adjustments	<u>2,253,193</u>	<u>546,361</u>
Net Cash Provided (Used) by Operating Activities	<u>700,175</u>	<u>(1,919,685)</u>
Cash Flows from Investing Activities		
Purchase of Improvements, Furniture, Equipment and Software	(684,087)	(534,822)
Purchase of Investments	(1,575,561)	(526,154)
Proceeds from Sale of Investments	3,524,926	1,045,169
Net Cash Provided (Used) by Investing Activities	<u>1,265,278</u>	<u>(15,807)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,965,453	(1,935,492)
Cash and Cash Equivalents - Beginning of Year	<u>430,318</u>	<u>2,365,810</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,395,771</u>	<u>\$ 430,318</u>

Supplemental Cash Flow Information

During 2023, United Way obtained \$462,171 of right-of-use assets - operating leases in exchange for \$462,171 of operating lease liabilities.

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

(with comparative totals for 2022)

	2023				2022	
	Program Services	Support Services				
	Community Impact Grants, Other Distributions, and Program Expenses	Resource Development and Marketing	Management and General	Total	Total	Total
Programs and Community Investments:						
Education	\$ 596,703	\$ -	\$ -	\$ -	\$ 596,703	\$ 940,463
Financial Stability	548,795	-	-	-	548,795	619,449
Food Security	361,218	-	-	-	361,218	219,802
Volunteerism	19,897	-	-	-	19,897	2,115
Basic Needs	260,680	-	-	-	260,680	923,113
Other Community Investments	912,558	-	-	-	912,558	1,253,916
Less: Raised on Behalf of Others - Designations	(897,482)	-	-	-	(897,482)	(1,208,865)
Programs and Community Investments, Net	<u>1,802,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,802,369</u>	<u>2,749,993</u>
Employee Related Expenses:						
Salaries	2,055,919	309,796	450,615	760,411	2,816,330	2,477,066
Employee Benefits	265,919	40,070	58,284	98,354	364,273	289,531
Payroll Taxes	160,432	24,175	35,163	59,338	219,770	226,301
Sub-total Employee Related Expenses	<u>2,482,270</u>	<u>374,041</u>	<u>544,062</u>	<u>918,103</u>	<u>3,400,373</u>	<u>2,992,898</u>
Other Expenses:						
Professional and Consulting Fees	433,427	153,061	94,998	248,059	681,486	268,136
Office Supplies and Postage	9,831	1,481	2,155	3,636	13,467	17,779
Telephone and Internet	13,196	1,988	2,893	4,881	18,077	24,672
Printing and Promotion	40,752	6,141	8,932	15,073	55,825	77,889
Lease Expense	107,869	18,283	56,677	74,960	182,829	199,116
Insurance	17,919	2,700	3,928	6,628	24,547	24,715
Maintenance of Equipment	101,679	15,321	22,287	37,608	139,287	161,671
Fund-raising Events	-	44,913	-	44,913	44,913	5,942
Conferences, Training and Travel	15,127	2,279	3,318	5,597	20,724	43,531
Dues and Subscriptions	28,467	4,290	6,239	10,529	38,996	27,035
Miscellaneous	7,034	1,060	1,550	2,610	9,644	8,203
United Way Worldwide Dues	37,200	5,606	8,154	13,760	50,960	87,865
Sub-total Other Expenses	<u>812,501</u>	<u>257,123</u>	<u>211,131</u>	<u>468,254</u>	<u>1,280,755</u>	<u>946,554</u>
Total Before Depreciation and Amortization	5,097,140	631,164	755,193	1,386,357	6,483,497	6,689,445
Depreciation and Amortization	<u>198,658</u>	<u>29,935</u>	<u>43,542</u>	<u>73,477</u>	<u>272,135</u>	<u>156,146</u>
Total Functional Expenses	<u>\$ 5,295,798</u>	<u>\$ 661,099</u>	<u>\$ 798,735</u>	<u>\$ 1,459,834</u>	<u>\$ 6,755,632</u>	<u>\$ 6,845,591</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 1 - NATURE OF OPERATIONS

The mission of United Way of Western Connecticut, Inc. (United Way) is to improve the lives of hard-working, struggling households by mobilizing the resources of local communities to create lasting change. United Way fights for the health, education, and financial stability of every person throughout their 15-town service area. United Way is a local, volunteer-led organization working together with community leaders, not-for-profit organizations, community volunteers, and businesses to focus on the most pressing needs in the communities of Northern Fairfield County, Southern Litchfield County, and Stamford, Connecticut.

United Way is a not-for-profit organization incorporated under the Nonstock Corporation Act of the State of Connecticut, and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. United Way is also exempt from state income tax.

Since 2014, United Way has focused on the sustainability of households living paycheck-to-paycheck called **ALICE**[®] (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed). Research conducted in partnership with Rutgers University in 2014 and updated in 2016 and 2018 indicates that more than 40% of households in Connecticut live at or below a basic cost of living threshold. ALICE represents the growing number of individuals and families who are working, but unable to afford the basic necessities of housing, food, child care, health care, and transportation. United Way is focused on impacting the lives of the ALICE population, increasing their financial stability, and ultimately reducing the number of ALICE households in Western Connecticut. United Way's success is rooted in listening directly to ALICE households through community conversations, focusing on targeted outcomes that will improve their lives, and measuring success for continual improvement and to achieve significant systemic change.

In November 2019, United Way formed a single-member Limited Liability Company, Prosperity Digital Marketplace, LLC (LLC). The purpose of the LLC is to develop, operate and license a technology platform that delivers needed services to ALICE households that struggle to pay for basic necessities, such as food, housing, child care, health care and transportation, as determined by United Way.

The LLC qualifies as a disregarded entity under Internal Revenue Service regulations, and accordingly, their financial activities are reported within the tax returns of United Way.

United Way has one governing board of directors (Board) comprised of members from each of its three main regions (Northern Fairfield County, Southern Litchfield County, and Stamford) to provide needed expertise and perspective. Additionally, three Community Councils focus on local priorities by identifying community needs, building long-term funding sources, and allocating resources to local service programs.

United Way raises funds and utilizes volunteers and in-kind resources to address local needs that impact households that live paycheck-to-paycheck (ALICE) or in poverty. Resource development activities include annual workplace campaigns, direct mail and email solicitations, major gifts, planned gifts, special events, and securing grant funding. United Way distributes community impact and other grants through open, transparent processes that best benefit the ALICE and poverty populations. Agencies funded by United Way are evaluated for their ability to meet desired outcomes and their financial health.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 1 - NATURE OF OPERATIONS (CONTINUED)

Substantial funds are directed to prepare children for successful entry into kindergarten, help families achieve financial stability, and improve access to fresh, healthy foods. United Way engages additional funding sources and collaborative partners to accomplish this work and strives to fund organizations working together towards common population outcomes.

United Way also values volunteerism as an important community resource. Volunteer recruitment, referral and placement with agencies, skilled volunteerism, corporate team volunteerism, youth volunteerism, senior volunteerism, and not-for-profit board service training are among the services provided by United Way.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial activities of United Way and the LLC (collectively, the Organization) are reported within the consolidated financial statements. Intercompany balances and transactions have been eliminated during consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restriction

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 Board.

The net investment in improvements, furniture, equipment and software consists of the net book value of improvements, furniture, equipment and software acquired with net assets without donor restrictions or donated assets.

The Board has also designated certain net assets without donor restriction.

Net Assets With Donor Restriction

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 that the funds be maintained in perpetuity. For each of the years ended June 30, 2023 and 2022, the Organization has no net assets to be maintained in perpetuity.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Net Assets With Donor Restriction (continued)

Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, or the restricted purpose is satisfied, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the consolidated statement of activities. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reflects the support as a contribution without donor restriction.

Newly Adopted Accounting Standard

Effective July 1, 2022, United Way adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02 (ASU 2016-02), *Leases (Topic 842)*. Under ASU 2016-02, lessees are required to recognize assets and liabilities on the consolidated statement of financial position for most leases and provide enhanced disclosures. United Way adopted ASU 2016-02 using the modified retrospective transition approach and using the additional (and optional) transition method provided by FASB ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. United Way did not restate prior comparative periods as presented under FASB Accounting Standards Codification (ASC) 840, *Leases*, and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022 was necessary for the cumulative impact of adoption of ASU 2016-02. The most significant effect of adopting ASU 2016-02 was the recognition of \$462,171 of operating lease right-of-use assets (ROU Assets) and operating lease liabilities on the consolidated statement of financial position as of July 1, 2022. No cumulative effect adjustment to net assets as of July 1, 2022 was necessary. ASU 2016-02 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023.

As part of the transition, United Way elected to apply the following practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases;
- Election not to reassess the lease classification for any expired or existing leases;
- Election not to reassess initial direct costs on any existing leases;
- Election whereby the lease and nonlease components will not be separated for leases of office space; and
- Election not to record ROU Assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

Revenue Recognition

The Organization recognizes revenue from cost-reimbursable federal, state and city grants, which are conditioned upon certain performance requirements and/or the incurrence of certain allowable qualifying expenses, when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

The Organization recognizes contributions, designations and sponsorships when cash, securities, an unconditional promise to give, other assets, a notification of a beneficial interest, or a notification from other United Ways that an amount designated by a donor to an agency in the Organization's footprint are received. Conditional promises to give, that is, those with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

The Organization recognizes fees and other income at a point in time, when they have satisfied their performance obligations, which is when the underlying services have been provided. These fees are billed monthly. The Organization utilizes standard payment terms and invoices are due on demand.

Revenue Received in Advance

Revenue received in advance consists of advance program fees and sponsorships received relating to programs and events to take place during the following year.

Support and Revenues

Contributions and Campaign Revenue

Contributions received or promises to give without donor-imposed restrictions are reflected as net assets without donor restriction. Contributions received or promises to give with donor-imposed restrictions are reflected as net assets with donor restriction in the accompanying consolidated financial statements.

Contributions or promises to give with donor-imposed conditions are not recognized as contributions or promises to give in the accompanying consolidated financial statements until the period when the conditions are met.

Promises to give that are expected to be received within one year of the consolidated financial statement date are reflected at their net realizable value (the gross amount of the promises to give, net of an allowance for uncollectible promises). Promises to give that are expected to be collected more than one year after the consolidated financial statement date are reflected at the present value of their estimated future cash flows using a discount rate at the date the promise to give is received commensurate with the risks involved.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenues (continued)

Contributions and Campaign Revenue (continued)

Contributions raised on behalf of others designated by donors to be paid to specific agencies or other United Ways (Designations) are considered agency transactions. Such Designations are reflected, net of a provision for uncollectible Designations, in the accompanying consolidated statement of activities as part of total amounts raised in campaigns, but are not considered to be part of the campaign revenue of the Organization and are therefore deducted to reflect the Organization's campaign revenue. The Organization earns administrative fees for the processing of designated contributions. The Organization has included in total revenues amounts raised by other United Ways that were designated by donors to be paid to the Organization. In addition, the Organization increases or reduces campaign revenue for any excess or shortfall collections of amounts raised in prior year campaigns.

Net Community Impact Grants and Other Distributions

Community impact grants and other distributions are made to programs approved by the Organization's Board from funds raised in the annual campaign. The Organization recognizes an expense and a liability when amounts are communicated to the partner organizations operating the programs in an award letter. The Organization has presented in the accompanying consolidated statement of activities gross community investments and other distributions with a reduction for community investments and other distributions funded through designations.

Allowance for Uncollectible Promises to Give and Designations

An allowance for uncollectible promises to give and Designations has been established which is evaluated periodically for adequacy based upon management's evaluation of past loss experience, known and inherent risks in its accounts plus other factors which could affect collectability.

Contributed Nonfinancial Assets

Goods or services have been provided by various organizations, and a number of unpaid volunteers have contributed their time and resources in the Organization's planning, budgeting and community fund grants and other distribution activities and fund-raising campaigns.

Contributions are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. None of the volunteer services provided to the Organization during either of the years ended June 30, 2023 and 2022 were required to be recognized in the accompanying consolidated financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets (continued)

The following contributed goods and services and corresponding non-cash expenses or capitalized software costs were recognized in the accompanying consolidated financial statements during the years ended June 30:

	<u>2023</u>	<u>2022</u>
In-kind and Non-Cash Contributions:		
Professional Services	\$348,434	\$ -
Consulting Services	87,750	-
School Supplies	-	1,760
Books, Clothing and Other	-	4,308
Advertising	11,641	31,402
COVID-19 Related Supplies	-	43,291
Auction Items	6,109	2,000
Software Development Services	<u>10,649</u>	<u>73,953</u>
Total	<u>\$464,583</u>	<u>\$156,714</u>

The Organization has recognized contributed nonfinancial assets within revenue, gains and other support. Contributed nonfinancial assets did not have donor-imposed restrictions for the years ended June 30, 2023 and 2022.

Contributed professional services consist primarily of donated legal services related to the Organization's merger with United Way of Coastal Fairfield County, Inc. that occurred subsequent to June 30, 2023 (Note 18). These services include time spent negotiating terms and conditions of the merger agreement, compliance with laws and regulations as well as due diligence. These services benefited program services and are included in professional and consulting fees in the accompanying consolidated statement of functional expenses. Fair value was estimated based on current rates for similar services.

Contributed consulting services consist of donated grant writing for resource development. The grant writing benefited support services and is included in professional and consulting fees in the accompanying consolidated statement of functional expenses. Fair value was estimated based on current rates for similar services.

Contributed advertising consisted of donated airtime on nationally broadcast television. The advertising was used to promote United Way Worldwide's shared mission, benefited program services and is included in printing and promotion in the accompanying consolidated statement of functional expenses. Fair value was estimated based on current rates for similar services.

Contributed auction items were utilized in the Organization's fundraising events and are included in fund-raising expense in the accompanying consolidated statement of functional expenses. The Organization estimated the fair value of these assets based on wholesale values for similar products in the United States.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets (continued)

Contributed software development costs relate to the on-going project to build a virtual solution for ALICE households. These costs are included in improvements, furniture, equipment and software in the accompanying consolidated statement of financial position. Fair value was estimated based on current rates for similar services.

Contributed COVID-19 related supplies consisted of flu vouchers, antibacterial products, facemasks and other personal protective equipment. These products were distributed to students attending local public schools and non-profit organizations serving children and families. These supplies benefited program services and are included in other community investments in the accompanying statement of functional expenses. The Organization estimated the fair value of these assets based on wholesale values for similar products in the United States.

All other contributed nonfinancial assets were distributed to students attending local public schools and non-profit organizations serving children and families. These assets were utilized as part of the Organization's community impact initiative, benefitted program services and are included in education in the accompanying statement of functional expenses. The Organization estimated the fair value of these assets based on wholesale values for similar products in the United States.

Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less, at the time of purchase, to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest and investment income (loss), net, includes realized gains and losses, unrealized appreciation or depreciation on investments, interest and dividends.

Improvements, Furniture, Equipment and Software

All acquisitions of improvements, furniture, equipment and software are reflected at cost or their fair value at the date of the gift. Depreciation and amortization is provided for over the estimated useful lives of the assets on a straight-line basis, which range from three to fifteen years, including improvements, which are amortized over the terms of the respective leases. It is the Organization's policy to remove fully depreciated assets no longer in service from its financial records and to capitalize assets whose cost is \$1,500 or greater.

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classifications, length of service and other factors. The Organization's policy is to accrue compensated absences.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization accounts for leases in accordance with ASU 2016-02. The Organization is a lessee under both long-term and short-term operating leases for office space. Leases for other equipment are evaluated using the criteria outlined in ASC 842, *Leases*, to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU Asset at the commencement date of leases.

ROU Assets

An ROU Asset is measured at the commencement date at the amount of the initially measured liabilities plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs.

Unless impaired, the ROU Asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term as lease expense.

Effective July 1, 2022, operating lease ROU Assets and related operating lease liabilities have been presented in the consolidated statement of financial position.

Lease Liabilities

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate in effect at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses a risk-free discount rate based on U.S. Treasury instruments for a comparable lease term.

Accounting Policy Election for Short-Term Leases

The Organization has elected for all underlying classes of assets, to not recognize ROU Assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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JUNE 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by the Organization on an equitable basis. Salaries, employee benefits and payroll taxes are allocated based on time and effort of individual employees. Lease expense and depreciation and amortization are allocated based on the square footage utilized by the various programs and support services. Shared costs, including professional and consulting fees, office supplies and postage, telephone and internet, printing and promotion, insurance, conferences, training and travel, dues and subscriptions, and United Way Worldwide dues are allocated based on the allocation of salaries, employee benefits and payroll taxes.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through December 4, 2023, the date the consolidated financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the consolidated financial statements, except as reported in Note 18.

NOTE 3 - CONCENTRATION OF CASH CREDIT RISK

The Organization maintains a cash account at a Connecticut bank and money market and investment accounts at two local brokerage firms. The cash account is insured up to \$250,000 by the Federal Deposit Insurance Corporation. The money market and investment accounts are insured by the Securities Investor Protection Corporation up to \$500,000. At times during the year, cash, money market and investment balances may have exceeded the insured limits. The Organization believes it is not exposed to any significant credit risk on cash.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 4 - LIQUIDITY

The Organization monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2023 and 2022, the following financial assets are available to meet annual operating needs of the years ending June 30, 2024 and 2023, respectively:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$2,395,771	\$ 430,318
Investments	4,768,687	6,073,506
Promises to Give, Net	433,557	872,544
Designations Receivable from Others, Net	16,474	39,036
Grants Receivable	<u>325,411</u>	<u>47,252</u>
Total	<u>7,939,900</u>	<u>7,462,656</u>
Less: Amounts Not Available for Use Within One Year:		
Net Assets With Donor Restriction, Purpose, Not Expected to be Satisfied Within One Year	291,923	335,171
Net Assets With Donor Restriction, Time and Purpose, Not Expected to be Satisfied Within One Year	1,262,990	1,406,508
Net Assets Without Donor Restriction - Board Designated Not Expected to be Satisfied Within One Year	<u>3,376,149</u>	<u>3,409,450</u>
Financial Assets Available to Meet General Expenditures over the Next Year	<u>\$3,008,838</u>	<u>\$2,311,527</u>

NOTE 5 - INVESTMENTS

U.S. GAAP has established a definition and framework for measuring fair value, and disclosure about fair value measurements. Fair value is the exchange price that would be received for an asset or liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs used to measure fair value, requiring entities to maximize the use of markets or observable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs generally require significant management judgment.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities.
- Level 3 inputs are unobservable inputs for the assets or liability.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 5 - INVESTMENTS (CONTINUED)

Investments at June 30, categorized according to the fair value hierarchy for those investments subject to categorization in the fair value hierarchy are summarized as follows:

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
<u>2023</u>				
Total Investments	\$ <u>4,768,687</u>	\$ _____ -	\$ _____ -	\$ <u>4,768,687</u>
<u>2022</u>				
Total Investments	\$ <u>6,073,506</u>	\$ _____ -	\$ _____ -	\$ <u>6,073,506</u>

The Organization's investments are comprised of money market funds, fixed income securities, equity mutual funds and exchange traded funds. Fair value for these investments is based on quoted marked prices and published net asset values. Investments at June 30, consist of the following:

<u>2023</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized (Depreciation) Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 240,896	\$ 241,044	\$ (148)
Fixed Income Securities	1,532,393	1,652,213	(119,820)
Equity Mutual Funds	<u>2,565,311</u>	<u>2,459,195</u>	<u>106,116</u>
Total	<u>4,338,600</u>	<u>4,352,452</u>	<u>(13,852)</u>
At Commonwealth Financial Network:			
Money Market Funds	112,471	112,471	-
Fixed Income Securities	64,714	71,641	(6,927)
Equity Mutual Funds	<u>252,902</u>	<u>120,417</u>	<u>132,485</u>
Total	<u>430,087</u>	<u>304,529</u>	<u>125,558</u>
Total Investments	\$ <u>4,768,687</u>	\$ <u>4,656,981</u>	\$ <u>111,706</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 5 - INVESTMENTS (CONTINUED)

<u>2022</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized (Depreciation) Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 669,443	\$ 669,443	\$ -
Fixed Income Securities	1,865,593	2,037,409	(171,816)
Equity Mutual Funds	<u>2,885,840</u>	<u>3,171,506</u>	<u>(285,666)</u>
Total	<u>5,420,876</u>	<u>5,878,358</u>	<u>(457,482)</u>
At Commonwealth Financial Network:			
Money Market Funds	14,277	14,277	-
Fixed Income Securities	279,458	311,998	(32,540)
Exchange Traded Funds	<u>358,895</u>	<u>224,302</u>	<u>134,593</u>
Total	<u>652,630</u>	<u>550,577</u>	<u>102,053</u>
Total Investments	<u>\$6,073,506</u>	<u>\$6,428,935</u>	<u>\$(355,429)</u>

For the years ended June 30, interest and investment income (loss), net, included the following:

	<u>2023</u>	<u>2022</u>
Interest Income	\$ 476	\$ 680
Dividend Income, Including Capital Gain Distributions	120,842	91,786
Net Realized (Loss) Gain on Sale of Investments	(72,589)	304,479
Unrealized Appreciation (Depreciation) on Investments	<u>467,135</u>	<u>(1,266,707)</u>
Net	<u>\$ 515,864</u>	<u>\$(869,762)</u>

Net realized (loss) gain on sale of investments for the years ended June 30 was as follows:

	<u>2023</u>	<u>2022</u>
Proceeds	\$ 3,524,926	\$1,045,169
Cost	<u>(3,597,515)</u>	<u>(740,690)</u>
Net	<u>\$ (72,589)</u>	<u>\$ 304,479</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 6 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK

Concentrations of credit risk arise due to the Organization's solicitation of promises for charitable contributions from companies and individuals located within the western Connecticut area. The Organization does not obtain collateral for its promises, but monitors the status of its past due receivables and provides an allowance for uncollectible promises. The Organization had two and three major individual and corporate donors, including their employees, during the years ended June 30, 2023 and 2022 that accounted for approximately 31% and 41% of total amounts raised in campaigns, and two and three corporate donors that accounted for approximately 58% and 69% of amounts raised on behalf of others, respectively. Amounts due from one donor was approximately 11% and 18% of gross promises to give for the years ended June 30, 2023 and 2022, respectively.

Total amounts raised in campaigns for the year ended June 30, 2023, and promises to give, net at June 30, 2023, primarily from the 2022-2023 campaign, were comprised of the following:

<u>Annual Campaign Support</u>	
Local Campaign Promises - Due in One Year or less	\$ 1,919,947
Local Campaign Promises - Due in One to Five Years (a)	<u>37,435</u>
Total	1,957,382
Less: Provision for Uncollectible Promises to Give	<u>(36,514)</u>
Net Annual Campaign Support	1,920,868
 <u>Amounts Collected</u>	
Local Campaign Promises	<u>(1,447,566)</u>
Promises to Give, Including Designation to Other Agencies	473,302
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(39,745)</u>
Promises to Give, Net	<u>\$ 433,557</u>

(a) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 8.25%. These amounts are deemed fully collectible at June 30, 2023, and no allowance for uncollectible promises has been established.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 6 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK (CONTINUED)

Total amounts raised in campaigns for the year ended June 30, 2022, and promises to give, net at June 30, 2022, primarily from the 2021-2022 campaign were comprised of the following:

Annual Campaign Support

Local Campaign Promises - Due in One Year or less	\$ 2,042,473
Local Campaign Promises - Due in One to Five Years (b)	<u>78,828</u>
Total	2,121,301
Less: Provision for Uncollectible Promises to Give	<u>(32,627)</u>
Net Annual Campaign Support	2,088,674

Amounts Collected

Local Campaign Promises	<u>(1,173,993)</u>
Promises to Give, Including Designation to Other Agencies	914,681
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(42,137)</u>
Promises to Give, Net	<u>\$ 872,544</u>

(b) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 4.50%. These amounts are deemed fully collectible at June 30, 2022, and no allowance for uncollectible promises has been established.

NOTE 7 - IMPROVEMENTS, FURNITURE, EQUIPMENT AND SOFTWARE, NET

Improvements, furniture, equipment and software, net at June 30, consisted of the following:

	<u>2023</u>	<u>2022</u>
Leasehold Improvements	\$ 2,468	\$ 2,468
Office Furniture, Equipment and Software	<u>185,394</u>	<u>1,176,243</u>
	187,862	1,178,711
Less: Accumulated Depreciation and Amortization	<u>(130,050)</u>	<u>(315,627)</u>
Improvements, Furniture, Equipment and Software, Net	<u>\$ 57,812</u>	<u>\$ 863,084</u>

The Organization reviews the carrying value of improvements, furniture, equipment and software for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where discounted expected future cash flows are less than the carrying value, an impairment loss is recognized to reduce the carrying value of the assets to their fair value. Included in other expense for the year ended June 30, 2023 is \$ 1,227,873 of impairment loss associated with software.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 8 - AGENCY ASSETS AND LIABILITIES

Designations

The Organization acts as an agent with respect to certain portions of its fund-raising campaigns for which contributions are designated by the donors to be paid to specific agencies or other United Ways.

Fiscal Processing Arrangements

The Organization acts as a fiscal processing agency for several community organizations which carry out community impact programs serving the Southern Litchfield County area. Promises to give and cash collected and held on behalf of these organizations, to be disbursed at the direction of these organizations, are considered agency assets and liabilities.

Agency assets and liabilities at June 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Agency Assets:		
Cash	\$15,484	\$18,452
Promises to Give, Net	<u>39,745</u>	<u>42,137</u>
Total	<u>\$55,229</u>	<u>\$60,589</u>
Agency Liabilities:		
Designations	\$39,745	\$42,137
Fiscal Processing Arrangements:		
Car Seat Safety Program	4,292	4,547
Walking Project	2,694	2,917
New Milford Substance Abuse	<u>8,498</u>	<u>10,988</u>
Total	<u>\$55,229</u>	<u>\$60,589</u>

NOTE 9 - LINE OF CREDIT

The Organization has a \$500,000 revolving line of credit agreement, subject to annual review and renewal. The line of credit bears interest at the prime rate plus 1.0%. The prime rate at June 30, 2023 and 2022 was 8.25% and 4.75%, respectively. The line of credit is secured by the investments in the account at the brokerage affiliate of Union Savings Bank, with the Organization being required to maintain a minimum balance of \$1,000,000. The Organization's Board has adopted a line of credit spending policy indicating that the line of credit is intended to be used solely for short-term cash flow timing needs.

There were no borrowings against the line of credit at June 30, 2023 and 2022. There was no interest expense on the line of credit for either of the years ended June 30, 2023 and 2022.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 10 - NET ASSETS

Net Assets Without Donor Restriction - Board Designated

As of June 30, the Board has designated the following amounts for the purposes indicated:

Children's Programs and Services

These amounts consist of the unexpended portion of an initial \$3,400,000 from sales proceeds of closely held stock during the year ended June 30, 2008 plus an additional \$407,000 from a gift from an anonymous donor during the year ended June 30, 2011, to be used for Children's Programs and Services benefiting children in Northern Fairfield County. The Board intends that these funds be expended in a scheduled fashion over the next several years. The remaining designated balance was \$309,666 as of June 30, 2023 and 2022.

Board Designated - Other

	<u>2023</u>	<u>2022</u>
Stabilization Reserve Fund (a)	\$1,000,000	\$ 701,028
Future Community Impact Awards (b)	109,747	109,747
Stamford Lease and Operations (c)	20,000	120,000
Furthering Volunteerism (d)	145,419	150,419
Community Impact Operations (e)	495,639	495,639
Legacy Gift (f)	<u>1,530,344</u>	<u>2,455,215</u>
Total	<u>\$3,301,149</u>	<u>\$4,032,048</u>

- (a) Designated to insure against unforeseen campaign, economic and organizational circumstances.
- (b) The Board designated \$70,993 and \$43,004 from amounts raised in the 2010-2011 and 2019-2020 campaigns, respectively, plus an additional \$70,000 approved from the proceeds of the sale of the Stamford facility, to be awarded to selected agencies. Of the amount, \$109,747 remained designated at June 30, 2023 and 2022.
- (c) The Board had designated \$608,000 from the proceeds of the sale of the Stamford facility to be used to fund the future lease payments and operations of the new Stamford premises of which \$20,000 and \$120,000 remained designated at June 30, 2023 and 2022, respectively.
- (d) The Board had designated \$340,000 for activities and programs to encourage volunteerism, of which \$145,419 and \$150,419 remained designated as of June 30, 2023 and 2022, respectively.
- (e) At June 30, 2023 and 2022, the Board has designated \$495,639 for future grants or endowments for community impact programs.
- (f) During the year ended June 30, 2021, the Board designated \$4,250,000 received from the estate of Ernest Moorey for future programs and operations, of which \$1,530,344 and \$2,455,215 remained designated as of June 30, 2023 and 2022, respectively.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 10 - NET ASSETS (CONTINUED)

Net Assets With Donor Restriction

Net assets with donor restriction at June 30 were restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Time Restricted:		
Contributions	\$ <u>100,000</u>	\$ <u>-</u>
Purpose Restricted:		
ALICE Programs	366,878	366,878
ALICE Saves	20,045	135,493
Financial Opportunity Center	-	57,402
Heart of Gold Scholarship	<u>10,000</u>	<u>15,000</u>
Total Purpose Restricted	<u>396,923</u>	<u>574,773</u>
Time and Purpose Restricted:		
Danbury Collective Impact	84,022	-
Workforce Strategy	10,500	-
Back to School	3,000	23,000
Agewell CT Ambassador Program	74,935	81,628
The Volunteer Center - Save Program	30,347	30,000
Stamford Cradle to Career	408,827	483,004
ALICE Long Term Sustainability	831,359	1,125,781
ALICE Long Term Sustainability - Food Policy Manager	64,875	139,875
Healthy Savings Program	87,500	77,500
Volunteerism	<u>2,500</u>	<u>2,500</u>
Total Time and Purpose Restricted	<u>1,597,865</u>	<u>1,963,288</u>
Total Net Assets With Donor Restriction	<u>\$2,094,788</u>	<u>\$2,538,061</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 10 - NET ASSETS (CONTINUED)

Net Assets With Donor Restriction (continued)

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes, by occurrence of other events or by passage of time for the years ended June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
ALICE Saves	\$ 115,448	\$ 40,894
ALICE Programs	-	31,317
Financial Opportunity Center	57,402	5,900
Heart of Gold Scholarship	<u>5,000</u>	<u>-</u>
Total Purpose Restrictions	<u>177,850</u>	<u>78,111</u>
Expiration of Time and Purpose Restrictions:		
Back to School	23,000	20,236
Working Cities	-	20,000
The Volunteer Center - Save Program	30,000	29,400
Stamford Cradle to Career	271,177	10,786
Agewell CT Ambassador Program	55,223	89,012
ALICE Long Term Sustainability	294,422	187,142
ALICE Long Term Sustainability - Food Policy Manager	75,000	75,000
Healthy Savings Program	77,500	122,800
The Sandra L. and John P. Rankin Education and Income Fund	-	111,356
Volunteerism	<u>2,500</u>	<u>-</u>
Total Time and Purpose Restrictions	<u>828,822</u>	<u>665,732</u>
Total	<u>\$1,006,672</u>	<u>\$743,843</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 11 - GRANTS

Refundable advances on grants at June 30 and grant revenue for the year ended June 30 consisted of the following:

<u>2023</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
Department of Health and Human Services	\$ -	\$1,154,342
City of Danbury - Social Services	-	240,000
Department of Education	-	98,507
City of Danbury - CARES ACT	-	46,594
State of Connecticut - Office of Early Childhood	-	36,564
City of Stamford - Community Development	-	29,000
Department of Labor	-	22,500
Cora's Kids Sparkler Grant	-	20,000
ARPA Town of Newtown	7,925	12,075
ARPA Town of Redding	36,725	11,300
ARPA Town of Washington	10,000	-
City of Danbury - ALICE Enrichment	-	10,000
No Kid Hungry Community Nutrition	59,638	362
State of Connecticut - Social Equity Council	1,000,000	-
State of Connecticut - Health and Educational Facilities	75,000	-
Connecticut Council for Philanthropy	<u>10,659</u>	<u>-</u>
Total	<u>\$1,199,947</u>	<u>\$1,681,244</u>
<u>2022</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
Emergency Food and Shelter	\$ -	\$ 675,114
Stamford Public School	-	603,759
City of Danbury - Social Services	-	236,937
State of Connecticut - Office of Early Childhood	-	123,898
Department of Economic and Community Development	-	100,000
Department of Labor	-	22,500
Cora's Kids Sparkler Grant	-	25,762
Danbury Grant for Vaccine Equity Partnership	-	15,317
Dolan Enrichment Grant	-	11,400
Stamford Cradle to Career	<u>10,000</u>	<u>-</u>
Total	<u>\$10,000</u>	<u>\$1,814,687</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 11 - GRANTS (CONTINUED)

At June 30, 2023 and 2022, certain grant programs have funding periods that extend beyond June 30, 2023 and 2022, respectively. Grant receivables have been reflected in the accompanying consolidated financial statements for any programs where allowable expenditures have exceeded payments received from grantors as of June 30, 2023 and 2022. Refundable advances on grants represent payments received in excess of expenditures incurred.

As of June 30, 2023, the Organization had \$1,050,000 of uncollected and unearned award balances on grants. As of June 30, 2022, the Organization had no remaining uncollected and unearned award balances on grants. Unearned award balances are not recognized as assets and will be recognized as revenue as the grants progress and conditions are met, generally as expenses are incurred.

NOTE 12 - DESIGNATIONS FROM OTHER UNITED WAYS, NET

Net amounts designated from other United Ways for the years ended June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Gross Revenue	\$55,142	\$ 97,795
Less: Provision for Uncollectible Designations	<u>(4,942)</u>	<u>(9,038)</u>
Designations from Other United Ways, Net	<u>\$50,200</u>	<u>\$88,757</u>

NOTE 13 - FUNDRAISING

The Organization's fund-raising activities consist primarily of a Golf Tournament, along with other fund-raising events including the King of The Hill 5K. A summary of fund-raising activities for the years ended June 30, is as follows:

	<u>2023</u>	<u>2022</u>
<u>Revenue</u>	\$86,924	\$3,956
<u>Expenses</u>		
Fund-raising and Other Event Expenses	44,913	5,942
Direct Benefit to Donors	<u>23,188</u>	<u>-</u>
Total Expenses	<u>68,101</u>	<u>5,942</u>
Net Revenue (Expense)	<u>\$18,823</u>	<u>\$(1,986)</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 14 - REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues

For the years ended June 30, 2023 and 2022, fees and other income recognized under Topic 606, at a point in time, were \$21,810 and \$8,822, respectively.

The Organization's revenue, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions, geographical regions of donors and sponsors, type of contract and contract duration.

NOTE 15 - RETIREMENT AND BENEFIT PLANS

The Organization maintains a 401(k) plan to which it contributes 5% of each eligible employee's salary. In addition, all eligible employees may make voluntary pre-tax contributions to the 401(k) plan. The Organization will match 50% of the employee's contribution, not to exceed 2% of their salary.

The Organization also has a tax deferred annuity plan under Internal Revenue Service Section 403(b), to which no Organization contributions have been made. These assets remain in a separate account maintained by the plan administrator.

Employer contributions of approximately \$135,200 and \$107,500 for the years ended June 30, 2023 and 2022, respectively, are included in employee benefits.

The Organization also provides an Employee Health Reimbursement Account benefit for full time employees. The plan provides for reimbursable expenses up to \$1,750 for individual coverage and \$2,750 for family coverage toward the annual health insurance plan deductible.

NOTE 16 - LEASES

Short-Term Lease

The Organization leases office space in New Milford, Connecticut, on a month-to-month basis in order to service the Southern Litchfield County community. Short term lease costs of \$3,600 are included in lease expense for the year ended June 30, 2023.

Operating Lease - Stamford

The Organization has an operating lease for office space in Stamford, Connecticut, through July 2025. The lease requires monthly base lease payments of \$7,521 and includes a security deposit of \$15,000. The lease also requires the Organization to pay its pro-rata share of real estate taxes and operating expenses. These variable expenses are not included in the lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 16 - LEASES (CONTINUED)

Operating Lease - Danbury

The Organization has an operating lease for office space in Danbury, Connecticut, through July 2026 which requires monthly base lease payments ranging from \$4,006 to \$4,188. The lease also requires the Organization to pay its pro-rata share of utilities. These variable expenses are not included in the lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

At June 30, 2023, the weighted-average remaining lease term and weighted-average discount rate for operating leases was 3 years and 3%, respectively. Cash paid for amounts included in the measurement of lease liabilities was \$142,104 for the year ended June 30, 2023.

Total operating lease and variable lease costs of approximately \$141,500 and \$37,700, respectively, are included in lease expense in the consolidated statement of functional expenses for the year ended June 30, 2023.

Future minimum payments under the operating leases are as follows at June 30, 2023:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$140,505
2025	140,505
2026	57,776
2027	<u>4,188</u>
	342,974
Less Present Value Adjustment	<u>(11,745)</u>
Present Value of Operating Lease Liabilities	<u>\$331,229</u>

NOTE 17 - PRIOR YEAR INFORMATION

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements at June 30, 2022 and for the year then ended, from which the summarized information was derived.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

(with comparative totals for 2022)

NOTE 18 - SUBSEQUENT EVENT

Effective July 1, 2023, the Organization completed a merger with United Way of Coastal Fairfield County, Inc. The objective of the merger was to consolidate operations and increase the collective impact to the communities being served. As a result of the merger, the Organization, as the surviving entity under a tax-free reorganization, amended its certificate of incorporation to change its name to United Way of Coastal and Western Connecticut, Inc. (UWCWC). It is the intention of UWCWC that all assets of the merged entities continue to be used in accordance with pre-existing net asset classifications and appropriate records be maintained to track all prior fund-raising campaigns. UWCWC will have offices in Stamford, Bridgeport, Danbury, and New Milford, Connecticut.