

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

Consolidated Financial Statements

**Year Ended June 30, 2022
(with comparative totals for 2021)**

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONTENTS

Independent Auditor's Report

Consolidated Financial Statements

Statement of Financial Position Exhibit A

Statement of Activities Exhibit B

Statement of Cash Flows Exhibit C

Statement of Functional Expenses Exhibit D

Notes to Consolidated Financial Statements

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, 2022, 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, 2022, 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.

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, 2021, and we expressed an unmodified audit opinion on those consolidated financial statements dated November 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Cirone Friedberg, LLP

Shelton, Connecticut
December 6, 2022

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 430,318	\$ 2,365,810
Investments	6,073,506	4,854,749
Promises to Give, Net of Allowance for Uncollectible Promises of \$32,627 in 2022 and \$42,631 in 2021	872,544	3,251,933
Designations Receivable from Others, Net of Allowance for Uncollectible Designations of \$9,038 in 2022 and \$13,797 in 2021	39,036	37,659
Grants Receivable	47,252	482,200
Prepaid Expenses and Other Assets	162,115	120,545
Security Deposit	15,000	15,000
Improvements, Furniture, Equipment and Software, Net	863,084	410,455
Agency Assets	60,589	70,486
Total Assets	<u>\$ 8,563,444</u>	<u>\$ 11,608,837</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 647,116	\$ 1,159,107
Revenue Received in Advance	52,440	54,571
Refundable Advances on Grants	10,000	-
Statewide COVID Funds Payable	440	65,768
Agency Liabilities	60,589	70,486
Total Liabilities	<u>770,585</u>	<u>1,349,932</u>
<u>Net Assets</u>		
Without Donor Restriction:		
Net Investment in Improvements, Furniture, Equipment and Software	863,084	410,455
Board Designated - Children's Programs and Services	309,666	309,666
Board Designated - Other	4,032,048	6,654,353
Undesignated - Available for Operations	50,000	50,000
Total Without Donor Restriction	<u>5,254,798</u>	<u>7,424,474</u>
With Donor Restriction	<u>2,538,061</u>	<u>2,834,431</u>
Total Net Assets	<u>7,792,859</u>	<u>10,258,905</u>
Total Liabilities and Net Assets	<u>\$ 8,563,444</u>	<u>\$ 11,608,837</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

(with comparative totals for 2021)

	2022		2021	
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenues, Gains and Other Support				
Campaign Revenue:				
Total Amounts Raised in Campaigns	\$ 2,031,328	\$ 89,973	\$ 2,121,301	\$ 2,474,441
Less: Amounts Raised on Behalf of Others - Designations, Net	(1,208,865)	-	(1,208,865)	(630,395)
Less: Provision for Uncollectible Promises	(32,627)	-	(32,627)	(42,631)
	<u>789,836</u>	<u>89,973</u>	<u>879,809</u>	<u>1,801,415</u>
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	214,765	-	214,765	89,604
Campaign Revenue, Net	<u>1,004,601</u>	<u>89,973</u>	<u>1,094,574</u>	<u>1,891,019</u>
Designations from Other United Ways, Net	88,757	-	88,757	138,309
Contributions and Sponsorships	1,724,297	357,500	2,081,797	6,187,096
Fund-raising Events	3,956	-	3,956	7,000
Grants	1,814,687	-	1,814,687	986,641
Interest and Investment (Loss) Income, Net	(869,762)	-	(869,762)	684,726
Fees and Other Income	8,822	-	8,822	19,530
Contributed Nonfinancial Assets	156,714	-	156,714	133,255
Total	<u>3,932,072</u>	<u>447,473</u>	<u>4,379,545</u>	<u>10,047,576</u>
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	78,111	(78,111)	-	-
Satisfaction of Time and Purpose Restrictions	665,732	(665,732)	-	-
Total Net Assets Released from Restrictions	<u>743,843</u>	<u>(743,843)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>4,675,915</u>	<u>(296,370)</u>	<u>4,379,545</u>	<u>10,047,576</u>
Expenses				
Functional Expenses:				
Program Services:				
Community Impact Grants, Other Distributions and Program Expenses	5,699,349	-	5,699,349	4,750,927
Support Services:				
Resource Development and Marketing	448,195	-	448,195	302,310
Management and General	698,047	-	698,047	564,818
Total Support Services	<u>1,146,242</u>	<u>-</u>	<u>1,146,242</u>	<u>867,128</u>
Total Functional Expenses	<u>6,845,591</u>	<u>-</u>	<u>6,845,591</u>	<u>5,618,055</u>
Change in Net Assets	(2,169,676)	(296,370)	(2,466,046)	4,429,521
Net Assets at Beginning of Year	<u>7,424,474</u>	<u>2,834,431</u>	<u>10,258,905</u>	<u>5,829,384</u>
Net Assets at End of Year	<u>\$ 5,254,798</u>	<u>\$ 2,538,061</u>	<u>\$ 7,792,859</u>	<u>\$ 10,258,905</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (2,466,046)	\$ 4,429,521
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation and Amortization	156,146	28,351
Provision for Uncollectible Promises to Give	32,627	42,631
Provision for Uncollectible Designations	9,038	13,797
Donated Investments	(2,700,000)	(1,200,480)
Donated Software	(73,953)	-
Realized Gains on Sale of Investments	(304,479)	(95,937)
Unrealized Depreciation (Appreciation) on Investments	1,266,707	(501,874)
Changes in:		
Promises to Give	2,346,762	(2,182,960)
Designations Receivable from Others	(10,415)	(5,224)
Grants Receivable	434,948	(373,700)
Prepaid Expenses and Other Assets	(41,570)	(2,330)
Agency Assets	9,897	496
Accounts Payable and Accrued Expenses	(511,991)	928,029
Revenue Received in Advance	(2,131)	46,960
Refundable Advances on Grants	10,000	(144,765)
Statewide COVID Funds Payable	(65,328)	(183,769)
Agency Liabilities	(9,897)	(496)
Total Adjustments	<u>546,361</u>	<u>(3,631,271)</u>
Net Cash (Used) Provided by Operating Activities	<u>(1,919,685)</u>	<u>798,250</u>
Cash Flows from Investing Activities		
Purchase of Improvements, Furniture, Equipment and Software	(534,822)	(368,043)
Purchase of Investments	(526,154)	(1,647,792)
Proceeds from Sale of Investments	1,045,169	1,588,197
Net Cash Used by Investing Activities	<u>(15,807)</u>	<u>(427,638)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(1,935,492)	370,612
Cash and Cash Equivalents - Beginning of Year	<u>2,365,810</u>	<u>1,995,198</u>
Cash and Cash Equivalents - End of Year	<u>\$ 430,318</u>	<u>\$ 2,365,810</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

(with comparative totals for 2021)

	2022			2021		
	Program Services	Support Services	Total	Program Services	Support Services	Total
Programs and Community Investments:						
Education	\$ 940,463	\$ -	\$ -	\$ 940,463	\$ -	\$ 940,463
Financial Stability	619,449	-	-	619,449	-	176,532
Food Security	219,802	-	-	219,802	-	240,891
Volunteerism	2,115	-	-	2,115	-	15,394
Basic Needs	923,113	-	-	923,113	-	413,709
Other Community Investments	1,253,916	-	-	1,253,916	-	1,500,021
Less: Raised on Behalf of Others - Designations Programs and Community Investments, Net	(1,208,865)	-	-	(1,208,865)	-	(630,395)
	<u>2,749,993</u>	<u>-</u>	<u>-</u>	<u>2,749,993</u>	<u>-</u>	<u>2,523,558</u>
Employee Related Expenses:						
Salaries	1,808,258	272,477	396,331	2,477,066	668,808	1,897,523
Employee Benefits	211,358	31,848	46,325	289,531	78,173	218,281
Payroll Taxes	165,200	24,893	36,208	226,301	61,101	164,304
Sub-total Employee Related Expenses	<u>2,184,816</u>	<u>329,218</u>	<u>478,864</u>	<u>2,992,898</u>	<u>808,082</u>	<u>2,280,108</u>
Other Expenses:						
Professional and Consulting Fees	195,739	29,495	42,902	268,136	72,397	128,727
Office Supplies and Postage	12,979	1,956	2,844	17,779	4,800	34,383
Telephone and Internet	18,011	2,714	3,947	24,672	6,661	50,646
Printing and Promotion	56,859	8,568	12,462	77,869	21,030	95,986
Occupancy	125,144	17,642	56,330	199,116	73,972	191,285
Insurance	18,042	2,719	3,954	24,715	6,673	22,196
Maintenance of Equipment	118,020	17,784	25,867	161,671	43,651	112,519
Fund-raising Events	-	5,942	-	5,942	5,942	-
Conferences, Training and Travel	31,778	4,788	6,965	43,531	11,753	27,877
Dues and Subscriptions	19,736	2,974	4,325	27,035	7,299	36,616
Miscellaneous	5,738	865	1,600	8,203	2,465	10,058
United Way Worldwide Dues	64,141	9,665	14,059	87,865	23,724	75,745
Sub-total Other Expenses	<u>666,187</u>	<u>105,112</u>	<u>175,255</u>	<u>946,554</u>	<u>280,367</u>	<u>786,038</u>
Total Before Depreciation and Amortization	5,600,996	434,330	654,119	6,689,445	1,088,449	5,589,704
Depreciation and Amortization	98,353	13,865	43,928	156,146	57,793	28,351
Total Functional Expenses	\$ 5,699,349	\$ 448,195	\$ 698,047	\$ 6,845,591	\$ 1,146,242	\$ 5,618,055

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

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**mloyed). 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, 2022

(with comparative totals for 2021)

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, 2022 and 2021, 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, 2022

(with comparative totals for 2021)

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.

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.

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.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenues (continued)

Contributions and Campaign Revenue (continued)

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.

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.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021 were required to be recognized in the accompanying consolidated financial statements.

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>2022</u>	<u>2021</u>
In-kind and Non-Cash Contributions:		
School Supplies	\$ 1,760	\$ 3,450
Books, Clothing and Other	4,308	18,233
Advertising	31,402	52,264
COVID-19 Related Supplies	43,291	48,380
Food	-	10,928
Auction Items	2,000	-
Software Development Services	<u>73,953</u>	<u>-</u>
Total	<u>\$156,714</u>	<u>\$133,255</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, 2022 and 2021.

Contributed advertising consisted of donated airtime on nationally broadcast television. The advertising was used to promote United Way Worldwide's shared mission, benefitted program services and is included in printing and promotion in the accompanying statement of functional expenses. 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 benefitted 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.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets (continued)

Contributed auction items were utilized in the Organization's fundraising events and are included in fund-raising expense 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.

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 statement of financial position. Fair value was estimated based on current rates for similar services.

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. Interest and investment (loss) income, 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, 2022

(with comparative totals for 2021)

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. Occupancy costs 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 6, 2022, 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.

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, 2022

(with comparative totals for 2021)

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, 2022 and 2021, the following financial assets are available to meet annual operating needs of the years ending June 30, 2023 and 2022, respectively:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 430,318	\$ 2,365,810
Investments	6,073,506	4,854,749
Promises to Give, Net	872,544	3,251,933
Designations Receivable from Others, Net	39,036	37,659
Grants Receivable	<u>47,252</u>	<u>482,200</u>
Total	7,462,656	10,992,351
Less: Amounts Not Available for Use Within One Year:		
Net Assets With Donor Restriction, Purpose, Not Expected to be Satisfied Within One Year	335,171	284,974
Net Assets With Donor Restriction, Time and Purpose, Not Expected to be Satisfied Within One Year	1,406,508	682,074
Net Assets Without Donor Restriction - Board Designated Not Expected to be Satisfied Within One Year	<u>3,409,450</u>	<u>6,464,603</u>
Financial Assets Available to Meet General Expenditures over the Next Year	<u>\$2,311,527</u>	<u>\$ 3,560,700</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, 2022

(with comparative totals for 2021)

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 (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>2022</u>				
Total Investments	\$ <u>6,073,506</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>6,073,506</u>
<u>2021</u>				
Total Investments	\$ <u>4,854,749</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>4,854,749</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>Fair Value</u>	<u>Cost</u>	<u>Unrealized (Depreciation) Appreciation</u>
<u>2022</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)
Equity Mutual 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>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 5 - INVESTMENTS (CONTINUED)

<u>2021</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 276,901	\$ 276,901	\$ -
Fixed Income Securities	1,338,369	1,310,598	27,771
Equity Mutual Funds	<u>2,418,202</u>	<u>1,750,099</u>	<u>668,103</u>
Total	<u>4,033,472</u>	<u>3,337,598</u>	<u>695,874</u>
At Commonwealth Financial Network:			
Money Market Funds	73,403	73,403	-
Fixed Income Securities	308,638	303,187	5,451
Exchange Traded Funds	<u>439,236</u>	<u>229,283</u>	<u>209,953</u>
Total	<u>821,277</u>	<u>605,873</u>	<u>215,404</u>
Total Investments	<u>\$4,854,749</u>	<u>\$3,943,471</u>	<u>\$911,278</u>

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

	<u>2022</u>	<u>2021</u>
Interest Income	\$ 680	\$ 2,196
Dividend Income, Including Capital Gain Distributions	91,786	84,719
Net Realized Gain on Sale of Investments	304,479	95,937
Unrealized (Depreciation) Appreciation on Investments	<u>(1,266,707)</u>	<u>501,874</u>
Net	<u>\$ (869,762)</u>	<u>\$684,726</u>

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

	<u>2022</u>	<u>2021</u>
Proceeds	\$1,045,169	\$ 1,588,197
Cost	<u>(740,690)</u>	<u>(1,492,260)</u>
Net	<u>\$ 304,479</u>	<u>\$ 95,937</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

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 three major individual and corporate donors, including their employees, during the years ended June 30, 2022 and 2021 that accounted for approximately 41% and 31% of total amounts raised in campaigns, and three and one corporate donors that accounted for approximately 69% and 31% of amounts raised on behalf of others, respectively. Amounts due from one donor was approximately 18% and 63% of gross promises to give for the years ended June 30, 2022 and 2021, respectively.

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:

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

(a) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 4.5%. These amounts are deemed fully collectible at June 30, 2022, 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, 2022

(with comparative totals for 2021)

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, 2021, and promises to give, net at June 30, 2021, primarily from the 2020-2021 campaign were comprised of the following:

Annual Campaign Support

Local Campaign Promises - Due in One Year or less	\$ 1,872,022
Local Campaign Promises - Due in One to Five Years (b)	<u>602,419</u>
Total	2,474,441
Less: Allowance for Uncollectible Accounts	<u>(42,631)</u>
Net Annual Campaign Support	2,431,810

Other Contributions

Legacy Gift - Estate of Ernest Moorey - Due in One Year or Less	4,250,000
---	-----------

Amounts Collected

Local Campaign Promises	(1,388,884)
Legacy Gift - Estate of Ernest Moorey	<u>(2,000,220)</u>

Promises to Give, Including Designation to Other Agencies	3,292,706
---	-----------

Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(40,773)</u>
--	-----------------

Promises to Give, Net	<u>\$ 3,251,933</u>
-----------------------	---------------------

(b) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 4.5%. These amounts are deemed fully collectible at June 30, 2021, 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>2022</u>	<u>2021</u>
Leasehold Improvements	\$ 2,468	\$ 2,468
Office Furniture, Equipment and Software	<u>1,176,243</u>	<u>567,468</u>
	1,178,711	569,936
Less: Accumulated Depreciation and Amortization	<u>(315,627)</u>	<u>(159,481)</u>
Improvements, Furniture, Equipment and Software, Net	<u>\$ 863,084</u>	<u>\$ 410,455</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

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>2022</u>	<u>2021</u>
Agency Assets:		
Cash	\$18,452	\$29,713
Promises to Give, Net	<u>42,137</u>	<u>40,773</u>
Total	<u>\$60,589</u>	<u>\$70,486</u>
Agency Liabilities:		
Designations	\$42,137	\$40,773
Fiscal Processing Arrangements:		
Car Seat Safety Program	4,547	5,113
Walking Project	2,917	3,098
New Milford Substance Abuse	<u>10,988</u>	<u>21,502</u>
Total	<u>\$60,589</u>	<u>\$70,486</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, 2022 and 2021 was 4.75% and 3.25%, 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, 2022 and 2021. There was no interest expense on the line of credit for either of the years ended June 30, 2022 and 2021.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

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, 2022 and 2021.

Board Designated - Other

	<u>2022</u>	<u>2021</u>
Stabilization Reserve Fund (a)	\$ 701,028	\$ 656,583
Future Community Impact Awards (b)	109,747	109,747
Stamford Rent and Operations (c)	120,000	220,000
Furthering Volunteerism (d)	150,419	155,419
ALICE Enrichment Fund (e)	-	11,500
Community Impact Operations (f)	495,639	1,357,168
Legacy Gift (g)	<u>2,455,215</u>	<u>4,143,936</u>
 Total	 <u>\$4,032,048</u>	 <u>\$6,654,353</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, 2022 and 2021.
- (c) The Board had designated \$608,000 from the proceeds of the sale of the Stamford facility to be used to fund the future rent and operations of the new Stamford premises of which \$120,000 and \$220,000 remained designated at June 30, 2022 and 2021, respectively.
- (d) The Board had designated \$340,000 for activities and programs to encourage volunteerism, of which \$150,419 and \$155,419 remained designated as of June 30, 2022 and 2021, respectively.
- (e) The Board had designated \$43,500 for activities related to the ALICE Enrichment Fund of which \$11,500 remained designated at June 30, 2021. These funds were fully expended during the year ended June 30, 2022.
- (f) At June 30, 2022 and 2021, the Board had designated \$495,639 and \$1,357,168 for future grants or endowments for community impact programs, respectively.
- (g) 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 \$2,455,215 and \$4,143,936 remained designated as of June 30, 2022 and 2021, respectively.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

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>2022</u>	<u>2021</u>
Purpose Restricted:		
ALICE Programs	\$ 366,878	\$ 398,195
ALICE Saves	135,493	176,387
Financial Opportunity Center	57,402	63,302
Heart of Gold Scholarship	<u>15,000</u>	<u>-</u>
Total Purpose Restricted	<u>574,773</u>	<u>637,884</u>
Time and Purpose Restricted:		
Back to School	23,000	20,236
Working Cities - FCCF	-	20,000
Agewell CT Ambassador Program	81,628	125,640
The Volunteer Center - Save Program	30,000	29,400
Stamford Cradle to Career	483,004	306,290
ALICE Long Term Sustainability	1,125,781	1,245,950
ALICE Long Term Sustainability - Food Policy Manager	139,875	214,875
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 Restricted	<u>1,963,288</u>	<u>2,196,547</u>
Total Net Assets With Donor Restriction	<u>\$2,538,061</u>	<u>\$2,834,431</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

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>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
ALICE Saves	\$ 40,894	\$ 102,197
ALICE Programs	31,317	16,100
Ready Set - Lets Read	-	1,526
Financial Opportunity Center	5,900	-
Heart of Gold Scholarship	-	5,000
Total Purpose Restrictions	<u>78,111</u>	<u>124,823</u>
Expiration of Time and Purpose Restrictions:		
Back to School	20,236	20,896
Working Cities	20,000	51,264
The Volunteer Center - Save Program	29,400	27,776
Stamford Cradle to Career	10,786	96,200
Stamford Food Collaborative	-	5,000
Agewell CT Ambassador Program	89,012	112,535
ALICE Long Term Sustainability	187,142	503,817
ALICE Emergency Fund - COVID Response	-	153,187
ALICE - Long Term Sustainability - Food Policy Manager	75,000	78,906
Food Security	-	23,751
Healthy Savings Program	122,800	30,400
The Sandra L. and John P. Rankin Education and Income Fund	<u>111,356</u>	<u>-</u>
Total Time and Purpose Restrictions	<u>665,732</u>	<u>1,103,732</u>
Total	<u>\$743,843</u>	<u>\$1,228,555</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 11 - GRANTS

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

<u>2022</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
State of Connecticut - Office of Early Childhood	\$ -	\$ 123,898
Department of Labor	-	22,500
Emergency Food and Shelter	-	675,114
Danbury Grant for Vaccine Equity Partnership	-	15,317
Stamford Public School	-	603,759
City of Danbury - Social Services	-	236,937
Department of Economic and Community Development	-	100,000
Cora's Kids Sparkler Grant	-	25,762
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>
<u>2021</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
State of Connecticut - Office of Early Childhood	\$ -	\$116,876
Working Cities - Community Development Block Grant	-	4,358
Emergency Food and Shelter	-	133,782
Danbury Grant for Vaccine Equity Partnership	-	13,799
Stamford Public School	-	399,378
Small Business Administration (SBA) - Paycheck Protection Program (PPP)	-	131,510
Cora's Kids Sparkler Grant	-	23,683
Working Cities Challenge Grant	<u>-</u>	<u>163,255</u>
Total	<u>\$ -</u>	<u>\$986,641</u>

At June 30, 2022 and 2021, certain grant programs have funding periods that extend beyond June 30, 2022 and 2021, 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, 2022 and 2021. Refundable advances on grants represent payments received in excess of expenditures incurred.

As of June 30, 2022, the Organization had no remaining uncollected and unearned award balances on grants. As of June 30, 2021, the Organization had remaining uncollected and unearned award balances on grants of approximately \$690,700. 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.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

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>2022</u>	<u>2021</u>
Gross Revenue	\$97,795	\$152,106
Less: Provision for Uncollectible Designations	<u>(9,038)</u>	<u>(13,797)</u>
Designations from Other United Ways, Net	<u>\$88,757</u>	<u>\$138,309</u>

NOTE 13 - FUNDRAISING

The Organization's fund-raising activities consist primarily of the Heart of Gold dinner and Hometown Heroes dinner, along with other fund-raising events which include King of The Hill and United at the Cove 5k. Several of these events were not held during the years ended June 30, 2022 and 2021 due to the COVID-19 pandemic. The King of The Hill and United at the Cove 5k were the only events held virtually during the year ended June 30, 2022. A summary of fund-raising activities for the years ended June 30, is as follows:

	<u>2022</u>	<u>2021</u>
<u>Revenue</u>	\$3,956	\$7,000
<u>Expenses</u>		
Fund-raising and Other Event Expenses	<u>5,942</u>	<u>-</u>
Net (Expense) Revenue	<u>\$(1,986)</u>	<u>\$7,000</u>

NOTE 14 - SMALL BUSINESS ADMINISTRATION - PAYROLL PROTECTION PROGRAM

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act created a new program administered by the SBA called the PPP. The PPP provides loans to qualifying businesses for up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest will be forgivable after twenty-four weeks as long as the Organization uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the twenty-four week period unless the Organization meets certain conditions. The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with deferred payments for the first six months.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 14 - SMALL BUSINESS ADMINISTRATION - PAYROLL PROTECTION PROGRAM (CONTINUED)

During the year ended June 30, 2020, the Organization received loan proceeds of \$362,300 under the PPP. The Organization concluded that the PPP represented, in substance, a grant that was expected to be forgiven and accounted for the proceeds from the PPP in accordance with ASC 958-605: *Not-for-Profit Entities - Revenue Recognition* (ASC 958-605). Under ASC 958-605, proceeds from the PPP are conditional and are initially recorded as a refundable advance. The refundable advance is then reduced and income is recognized once the conditions of release have been substantially met or explicitly waived. During the year ended June 30, 2021, the Organization estimated that they had incurred \$131,510 of qualifying expenses and determined they had met the requirements for forgiveness. Accordingly, the Organization recognized \$131,510 of grant revenues for the year ended June 30, 2021. During the year ended June 30, 2021, the Organization received full forgiveness of the PPP loan from the SBA.

NOTE 15 - REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues

For the years ended June 30, 2022 and 2021, fees and other income recognized under Topic 606, at a point in time, were \$8,822 and \$19,530, 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 16 - RETIREMENT AND BENEFIT PLANS

The Organization maintains a 401(k) plan to which it contributed 7% of each eligible employee's salary and matched 50% of each eligible employee's voluntary pre-tax contributions, up to 2% of their salaries. During the year ended June 30, 2021, the Organization eliminated its 7% contribution of each eligible employee's salary. During the year ended June 30, 2022, the Organization reinstated its contribution of each eligible employee's salary at a rate of 5%.

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 \$107,500 and \$16,400 for the years ended June 30, 2022 and 2021, 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.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Equipment Leases

The Organization leases office equipment under several leases expiring at various dates through December 2022 at a present monthly rental aggregating approximately \$2,100.

Rental Expense - Litchfield

The Organization leases office space in New Milford, Connecticut, on a month-to-month basis for \$300 per month in order to service the Southern Litchfield County community.

Rental Expense - Stamford

The Organization had a lease agreement for office space in the downtown Stamford, Connecticut area through August 2022. Monthly payments ranged from \$8,708 to \$9,302. The lease provided for a security deposit in the amount of \$15,000. The Organization was responsible for its pro-rata share of electricity expenses in the amount of \$1,089 monthly. In the event of a rate increase by the electricity provider, the Organization's share would be increased accordingly. Additionally, the Organization was to pay their proportionate share of the operating expenses and real estate taxes for the building as calculated on a yearly basis. Effective August 2022, the lease was amended to decrease the monthly payment to \$7,521 through July 2025.

Rental Expense - Danbury

The Organization had a lease agreement for office space in Danbury, Connecticut, through July 2022, at a monthly rate of \$4,006. The Organization was responsible for its share of utilities and had the option to renew this lease for an additional four years, at a monthly rate of \$4,188, provided they notify the landlord no later than six months prior to the expiration of the original lease. During the year ended June 30, 2022, the Organization exercised this option. All other terms of the lease remained in effect.

Future minimum rental lease payments for both office space leases at June 30, 2022 were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$142,104
2024	140,505
2025	140,505
2026	57,776
2027	<u>4,188</u>
Total	<u>\$485,078</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

(with comparative totals for 2021)

NOTE 18 - 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, 2021 and for the year then ended, from which the summarized information was derived.