

THE UNITED WAY OF GREATER WATERBURY, INC.

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2023**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

Costello Company, LLC
Certified Public Accountant and Consultants
105 Main Street, Hebron, CT 06248
(860) 228-2822, fax (860) 228-2866

THE UNITED WAY OF GREATER WATERBURY, INC.
TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-19
Schedule 1 – Bridge to Success Expenses	20
Schedule 2 – Community Investment Allocation	21

**INDEPENDENT AUDITOR'S REPORT
OF FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The United Way of Greater Waterbury, Inc
Waterbury, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The United Way of Greater Waterbury, Inc. (the "United Way") which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Way 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United Way 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way'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

The United Way's June 30, 2022 financial statements were audited by another audit firm. Their opinion expressed an unmodified audit opinion on those audited financial statements in their report dated October 9, 2022. The summarized comparative information presented herein as of and for the year ended June 30, 2022, was not audited by us, but is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hebron, Connecticut
December 20, 2023

FINANCIAL STATEMENTS

THE UNITED WAY OF GREATER WATERBURY, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

(With Summarized Financial Information for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 253,859	\$ 1,043,364
Certificate of deposit	18,442	18,405
Investments, at market value	2,503,535	1,488,438
Pledge contributions receivable, net	1,555,825	1,387,944
Other receivables	118,729	478,398
Prepaid expense	37,931	31,369
Total current assets	4,488,321	4,447,918
PROPERTY AND EQUIPMENT	5,680	25,300
NONCURRENT ASSETS		
Security deposits	4,221	4,221
Investment in insurance policy	29,274	29,274
Total noncurrent assets	33,495	33,495
Total Assets	\$ 4,527,496	\$ 4,506,713
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Allocations and grants payable to designated agencies	\$ 3,212,626	\$ 3,489,193
Accounts payable and accrued expenses	106,461	46,083
Notes payable - current portion	-	7,217
Due to affiliates	21,400	21,400
Total current liabilities	3,340,487	3,563,893
Total Liabilities	3,340,487	3,563,893
NET ASSETS:		
Net Assets Without Donor Restrictions		
Unappropriated	581,329	317,520
Board designated - Investment in plant and equipment	5,680	25,300
Board designated - Endowment	100,000	100,000
Board designated - Emergency fund	500,000	500,000
Total net assets without donor restrictions	1,187,009	942,820
Net Assets With Donor Restrictions		
Total Net Assets	-	-
Total liabilities and net assets	\$ 4,527,496	\$ 4,506,713

See Accountant's report and accompanying notes to financial statements

-4-
THE UNITED WAY OF GREATER WATERBURY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Financial Information for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restictions</u>	<u>2023 Total</u>	<u>2022 Totals</u>
SUPPORT AND REVENUE				
Campaign applicable to current period:				
Contributions:				
Campaign	\$ 3,505,206	\$ -	\$ 3,505,206	\$ 3,663,258
Other United Ways	45,000	-	45,000	45,000
Gross Contributions	3,550,206	-	3,550,206	3,708,258
Designation by donors and direct expenses	(1,649,432)	-	(1,649,432)	(1,606,356)
Uncollectible pledge expense	(160,539)	-	(160,539)	(11,750)
Net contributions	1,740,235	-	1,740,235	2,090,152
Other Support:				
Bridge to Success Grants and Contributions	1,025,574	-	1,025,574	637,993
Sponsorship income	115,000	-	115,000	122,500
Investment income	132,697	-	132,697	(223,703)
Support activities income	18,004	-	18,004	90,711
Administrative fees	101,816	-	101,816	93,914
Bequest contributions	540,770	-	540,770	-
Miscellaneous income	301,948	-	301,948	607,849
Total other support	2,235,809	-	2,235,809	1,329,264
Total Support and Revenue	3,976,044	-	3,976,044	3,419,416
EXPENSES				
Allocations:				
Allocations to agencies from campaign	689,226	-	689,226	679,289
Special allocations	367,944	-	367,944	540,291
Total Allocations	1,057,170	-	1,057,170	1,219,580
Other Functional Expenses				
Allocations and Agency Relations	101,780	-	101,780	130,735
Community Services	119,547	-	119,547	196,678
Community Relations	230,102	-	230,102	188,048
Other programs	174,352	-	174,352	781,774
Total Program Service Expenses	625,781	-	625,781	1,297,235
Supporting services				
Fund-raising	349,910	-	349,910	279,566
Management and general	443,333	-	443,333	397,982
Total support services expenses	793,243	-	793,243	677,548
Total Other and Support Expenses	1,419,024	-	1,419,024	1,974,783
Bridge to Success				
Total Allocations and Expenses	1,229,877	-	1,229,877	656,857
Total Allocations and Expenses	3,706,071	-	3,706,071	3,851,220
Change in Net Assets	269,973	-	269,973	(431,804)
Beginning net assets as previously reported	942,820	-	942,820	1,374,624
Prior Period Adjustment	(25,784)	-	(25,784)	-
Beginning net assets, as restated	917,036	-	917,036	-
NET ASSETS, end of year	\$ 1,187,009	\$ -	\$ 1,187,009	\$ 942,820

See Accountant's report and accompanying notes to financial statements

THE UNITED WAY OF GREATER WATERBURY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Financial Information for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets -	\$ 269,973	\$ (431,804)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation expense	19,620	26,357
Realized (gains) losses on investments	587	(720)
Unrealized (gains) losses on investments	1,174	305,845
Changes in operating assets and liabilities:		
Pledges receivable	(167,881)	394,767
Certificate of deposit	(37)	(42)
Other receivables	359,669	(370,739)
Other current assets	(6,562)	(4,876)
Allocations payable	(276,567)	387,007
Accounts payable and accrued expenses	60,378	(11,309)
Net cash provided by operating activities	260,354	294,486
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,990)
Purchase of investments	(1,937,503)	(554,569)
Sale of investments	894,861	393,212
Net cash used in investing activities	(1,042,642)	(163,347)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(7,217)	(5,413)
Net cash used in financing activities	(7,217)	(5,413)
NET (DECREASE) INCREASE IN CASH	(789,505)	125,726
CASH AND CASH EQUIVALENTS, beginning of year	1,043,364	917,638
CASH AND CASH EQUIVALENTS, end of year	\$ 253,859	\$ 1,043,364
 Supplemental Disclosure of Cash Flows Information		
Interest paid	\$ 124	\$ 1,919

See Accountant's report and accompanying notes to financial statements

THE UNITED WAY OF GREATER WATERBURY, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Financial Information for 2022)

	PROGRAM SERVICES					SUPPORTING SERVICES			2023	2022
	Allocations and Agency Relations	Community Services	Community Relations	Other Programs	Total	Fund Raising	Management and General	Total		
ALLOCATIONS TO AGENCIES	\$ 689,226				\$ 689,226				\$ 689,226	\$ 679,289
SPECIAL ALLOCATIONS	\$ 367,944				\$ 367,944				\$ 367,944	\$ 540,291
COMMUNITY AND AGENCY SERVICES PROVIDED BY THE UNITED WAY:										
SALARIES AND RELATED EXPENSES:										
Salaries	\$ 53,156	\$ 58,896	\$ 129,502	\$ 58,127	\$ 299,681	\$ 194,445	\$ 243,850	\$ 438,295	\$ 737,976	\$ 742,631
Employee benefits	9,629	10,672	23,470	10,538	54,309	35,239	44,186	79,425	133,734	145,031
Payroll taxes	4,547	5,040	11,084	4,977	25,648	16,642	20,868	37,510	63,158	54,679
Total Salaries and Related Expenses	67,332	74,608	164,056	73,642	379,638	246,326	308,904	555,230	934,868	942,341
OTHER EXPENSES:										
Rent	3,989	4,421	9,724	4,366	22,500	14,599	18,307	32,906	55,406	48,993
Office supplies and expenses	13,121	14,543	31,982	14,813	74,459	49,533	61,752	111,285	182,240	110,677
Postage	330	462	528	197	1,517	3,297	1,780	5,077	6,594	6,765
Telephone	1,168	1,752	1,635	818	5,373	2,570	3,738	6,308	11,681	13,113
Publicity and promotion	4,525	6,788	6,336	2,935	20,584	9,225	13,418	22,643	45,254	54,471
Conference and meeting	1,292	1,938	1,809	734	5,773	2,310	3,359	5,669	12,918	6,704
Professional and contractual	2,125	3,188	2,975	1,487	9,775	4,675	6,800	11,475	21,250	16,310
Insurance	840	1,260	1,176	588	3,864	1,848	2,689	4,537	8,401	10,124
Membership fees	5,096	7,644	7,134	3,568	23,442	11,211	16,307	27,518	50,960	56,072
Depreciation and amortization	32,486	41,996	63,299	29,506	167,287	99,268	128,150	227,418	394,704	323,229
Total Community and Agency Services Expenses	101,780	119,547	230,102	104,521	555,950	349,910	443,333	793,243	1,349,192	1,291,927
Total Allocations and Expenses	1,158,950	119,547	230,102	104,521	1,613,120	349,910	443,333	793,243	2,406,363	2,511,507
Designation by donors	659,096	-	-	-	659,096	-	-	-	659,096	782,063
Designated to other United Ways & direct expenses	990,336	-	-	69,831	1,060,167	-	-	-	1,060,167	1,507,149
Total	\$ 2,808,382	\$ 119,547	\$ 230,102	\$ 174,352	\$ 3,332,383	\$ 349,910	\$ 443,333	\$ 793,243	\$ 4,125,626	\$ 4,800,719

See Accountant's report and accompanying notes to financial statements

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 1 - NATURE OF OPERATIONS

The United Way of Greater Waterbury, Inc. supports non-profit agencies, programs and initiatives which provide services in ten towns throughout the Greater Waterbury area. The towns which make up United Way's territory are: Bethlehem, Cheshire, Middlebury, Prospect, Southbury, Thomaston, Waterbury, Watertown, Wolcott and Woodbury.

The United Way of Greater Waterbury, Inc. is a not-for-profit voluntary health and welfare agency. It is a leader in facilitating the identification of regional needs and supporting solutions that create sustained changes in community conditions and provide opportunities that empower people to build successful lives. In order to do this, the United Way conducts an annual fundraising campaign and selects a limited number of focus issues and strategies in which to invest time, relationships, technology, expertise, money and other resources in order to deliver measurable results.

The United Way of Greater Waterbury, Inc. is a member of United Way of America (UWA). Members of UWA have membership criteria to ensure that all members meet basic legal, financial and ethical standards to ensure consistent and transparent reporting amount member Untied Ways. To remain a member in good standing, The United Way of Greater Waterbury, Inc. certifies annually that it has met the basic criteria for membership to UWA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of The United Way of Greater Waterbury, Inc. (the "United Way") have been prepared in conformity with the Not-for-Profit Organization Audit and Accounting Guide published by the American Institute of Certified Public Accountants.

The accompanying financial statements of the United Way have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States (U.S. GAAP), in *Financial Accounting standards Board (FASB), Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(See Auditor's report)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the United Way and changes therein are classified and reported as either: net assets without donor restrictions or net assets with donor restrictions.

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets Categories

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with ASU 2016-14 in following net asset categories:

Net Assets Without Donor Restrictions:

Net assets without donor restrictions represent available resources other than donor restricted contributions.

Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions that are restricted by the donor either as to the purpose or as to time of expenditure. It also includes with donor restricted gifts is invested in perpetuity and that only the income earned thereon is available for operations.

Investments

Investments are stated at fair market value, in accordance with Financial Accounting Standards Board Statement Opinion No. 124-Accounting for certain investments held by not-for-profit organizations. Unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Public Support Recognition

Fund-raising campaigns are conducted in the fall of each year to raise funds to be allocated to participating agencies in the following fiscal year. All contributions are considered available for unrestricted use unless specifically restricted by the donor as to the use of the donated assets. The public support income recognized in each fiscal year is from the campaign which occurred in the current fiscal year. Pledges are recorded in the balance sheet as receivables, and allowances are provided for amounts estimated to be uncollectible for each pledge year.

Any donation received by June 30, relating to the subsequent year's campaign are recorded as temporarily restricted new assets.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value upon receipt. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Depreciation

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets (5 years).

Donated Materials and Services

Donated materials and equipment are recorded as contributions at their estimated values at date of receipt. There were no donated materials and services reported in the year ended June 30, 2023. Also, there was a substantial number of volunteers that donated significant amounts of their time to the United Way's fundraising and other activities. For the year ended June 30, 2023, there was \$40,500 of donated services recorded. A substantial number of volunteers donated significant amounts of their time in the United Way's program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles and there is no objective basis available to measure the value of such services.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

Contributions Receivable

The United Way records unconditional promises to give that are expected to be collected within one year at net value at year end. The United Way determines the allowance for uncollectible promise to give based on historical experience, An assessment of economic conditions, and a review of subsequent collections. Promise to give are written off when deemed uncollectable.

Unpaid Allocations and Accrued Administrative and Community Service Expenses

Unpaid allocations related to the public support recognized in the fiscal year 2023 (Fall 2022 campaign) have been accrued at June 30, 2023, in order to match allocations and expenses with pledged income from the Fall campaigns.

Tax Exempt Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Being that the United Way is exempt from federal and state income taxes, no provision for income taxes are included in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2020 and that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision for Uncollectible

The provision for uncollectible pledges is computed based upon management's estimates of current economic factors, applied to the gross campaign, including donor designations. At June 30, 2023, the allowance was \$172,936.

Revenue Recognition

Revenue for interest and investment income, support activities, administrative fees and miscellaneous income are recognized as the income is earned. Which is in compliance with the new revenue recognition standards.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses, and the statement of support, revenue, expenses and changes in fund balances. Accordingly, certain costs have been allocated among the program and support services benefitted as follows:

Expenses are charged directly to program or support categories based on specified identification. Indirect expenses have been allocated based upon percentages set up by management to approximate time spent by personnel in the following areas of Program Functions: Allocations and Agency Relations, Community Services, Community Relations, Other Programs, Fund Raising, Management and General.

Recognition of Donor Restricted Contributions

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Adoption of New Accounting Standard

The United Way adopted *Accounting Standards Codification (ASC) 842, Leases*. The new standard requires organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with a term greater than twelve months. For the year ended, June 30, 2023, the United Way had no lease terms greater than twelve months.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain accounts in the 2022 comparative summarized financial information have been reclassified for comparative purposes to conform with the presentation in the current fiscal year financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2023.

		<u>Interest Rate</u>
Unrestricted		
Petty cash	\$ 300	0.00%
Cash- Checking	153,427	0.00%
Cash- Money Market	111	0.15%
Cash - Savings	<u>100,021</u>	0.01%
Total cash & equivalents	<u>\$253,859</u>	
Cash- Certificate of deposit	<u>\$18,442</u>	0.03%

For the purposes of the statement of cash flows, the United Way considers all cash and other highly liquid investments with initial maturities of six months or less to be cash equivalents.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable for the fiscal years ended June 30, 2023, are as follows:

Campaign pledges receivables	\$ 1,728,762
Allowance for uncollectible pledges	<u>172,937</u>
Net pledge receivable	<u>\$ 1,555,825</u>

**THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2023

(See Auditor's report)

NOTE 5 - DONOR DIRECT GIFTS

Through United Way's Annual Community Campaign, donors can direct (designate) their gifts to any qualified 501(c)(3) organization.

United Way of America membership criteria require local United Ways to charge donors no more than the actual cost incurred to process and transfer their designated gifts to the agency of their choice. The expenses incurred for the processing of donor directed gifts include, but are not limited to:

- Verification of designated agencies 501(c)(3) status;
- Agency certification;
- Maintenance of the database;
- Recording individual donor directed gift data;
- Processing payments;
- Quality reports with detailed information;
- Notification of payments forwarded to agencies receiving donor dollars.

Donor directed gifts (the costs incurred in processing/transferring designations) do not qualify and are not reported as community investment and program services. The cost of these directed gift expenses are reported as administrative expenses.

Donor directed gifts of \$8,540 at June 30, 2023 are reported under allocations.

NOTE 6 - EMPLOYEE BENEFIT PLAN

Defined Contribution Plan:

On January 1, 1994, the United Way adopted a Defined Contribution Plan, which covers substantially all employees who: a) are 21 years of age and b) have completed one year of eligible service with the United Way or another non-profit organization. Contribution to the plan are made by the United Way, on behalf of the participant, at a rate of 7% of eligible pay. This rate was set by the United Way's Board of Directors and is subject to revision at the Board's discretion on an annual basis. Total pension cost for the year ended June 30, 2023, totaled \$65,679. Employees are fully vested after 3 years of service or attaining the age of 55.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 6 - EMPLOYEE BENEFIT PLAN*(continued)*

Elective deferrals:

The United Way offers its employees a 403(b) plan whereby they may elect to voluntarily contribute pretax wages into the plan. For the year ended June 30, 2023, employees' deferrals total \$54,305.

NOTE 7 - PLANT AND EQUIPMENT

Equipment and fixtures, at cost or if donated at estimated fair market value upon receipt, consist of the following:

Equipment and fixtures	\$ 81,059
Leasehold improvements	92,444
Audio visual equipment	13,072
Computer software & hardware	<u>126,258</u>
Less, accumulated depreciation	<u>43,838</u>
Net plant and equipment	\$ <u>5,680</u>

Depreciation expense for the year ended June 30, 2023 totaled \$19,620.

NOTE 8 - PROPERTY LEASES

The United Way leases its office space under a lease that expired in April, 2023. Currently the United Way is renting on a month-to-month basis. Total rent expense the year ended June 30, 2023, totaled \$55,406.

The United Way is currently in negotiations to lease new office space in downtown Waterbury. This will provide the United Way a centralized office to better service the community.

NOTE 9 - UNINSURED CASH BALANCES

The United Way maintains their cash in bank deposits in high credit quality financial institutions. The balance, at times, may exceed federally insured limits. At June 30, 2023 the individual bank account balances did not exceed the insured limit of \$250,000.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 10 - DUE TO AFFILIATES

Due to affiliates consists of dues payable to the United Way's National and State organizations, the United Way Worldwide and the United Way of Connecticut. The amount owed at the year ended June 30, 2023, totaled \$21,400.

NOTE 11 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The following is a list of investments held by the United Way, as of June 30, 2023:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
U.S. Treasury Bills & Securities	\$1,454,175	\$ 1,434,746	\$ (19,429)
Mutual funds & Money Markets	<u>977,274</u>	<u>1,068,789</u>	<u>91,515</u>
	<u>\$2,431,449</u>	<u>\$ 2,503,535</u>	<u>\$ 72,086</u>

U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 - Significant other observable inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 - Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 11 - INVESTMENTS AND FAIR VALUE MEASUREMENT *(Continued)*

Components of investment income for the year ended June 30, 2023, are as follows:

Investment income	\$ 20,799
Realized gains	46,682
Unrealized gains (losses)	64,625
Interest cash equivalents	<u>591</u>
Total	<u>\$ 132,697</u>
Investment related fees	<u>\$ 8,316</u>

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are funds that were donated to the United Way of Greater Waterbury, Inc., which are restricted by the donor, as to its use.

There were no restricted assets for the year ended June 30, 2023.

NOTE 13 - NET ASSETS CLASSIFICATIONS

Net Assets Without Donor Restrictions: are made up of funds which are not specifically restricted as to their use. The majority of these funds are expected to be used to fund other community needs in the next fiscal year.

Net Assets With Donor Restrictions: are funds that were donated to the United Way with donor imposed stipulations that may be or will be met, wither by actions of the united Way and/or the passage of time.

The Board has appropriated some unrestricted net assets into three classifications as follows:

Appropriated Investment in Plant & Equipment: are made up of all capitalized, net of depreciation, plant and equipment owned by the United Way.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 13 - NET ASSETS CLASSIFICATIONS *(Continued)*

Appropriated Board Designated Emergency Fund: are funds that were set aside by the Board for future emergency program expenditures.

Appropriated Board Designated Endowment Fund: are funds that are set aside by the Board for endowment purposes.

NOTE 14 - ALLOCATIONS PAYABLE TO DESIGNATED AGENCIES

Allocations amounting to \$658,969, were allocated to designated agencies as payable on June 30, 2023. This balance represents twelve months of agencies allocations for the upcoming year.

NOTE 15 - INVESTMENT INSURANCE POLICY

During the fiscal year June 30, 2012, there was a donation of funds to purchase life insurance policies on the life of the individuals donating the funds. The policies are owned by The United Way of Greater Waterbury, Inc. and United Way of Greater Waterbury, Inc, is the beneficiary of the policy. The value of the policy at June 30, 2023 is \$29,274, with a death benefit of \$250,000. As of June 30, 2018, the policy premium was paid in full.

NOTE 16 - SPECIAL EVENTS

As part of its revenue raising activities, the United Way will periodically hold special events.

NOTE 17 - CONTINGENT LIABILITIES

The United Way's personnel policies include the accumulation of vacation time based on length of employment with the United Way on a calendar year basis. At the end of the calendar year, if the vacation or sick time is not used it is not carried over to the next year. At June 30, 2023 the total accumulated and unused vacation pay totaled \$27,161. No recognition of this liability has been made with these financial statements.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 18 - LIQUIDITY AND AVAILABILITY OF ASSETS

The United Way strives to maintain liquid financial assets sufficient to cover the general expenditures of the organization. Financial assets in excess of daily cash requirements are set aside in the saving accounts.

The following table reflects the United Way's financial assets as of June 30, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

Amounts not available can include a board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. Amounts not available to meet general expenditures within one year also may also include net assets with donor restrictions.

There was \$3,742,501 net assets available to meet the cash needs for general expenditures as of June 30, 2023.

Liquidity and Available Assets are as follows:

Cash and Cash equivalents	\$ 253,859
Certificate of deposit	18,442
Investments	2,503,535
Pledge contributions receivable	1,555,825
Other receivables	<u>126,229</u>
Total financial assets available	<u>\$4,457,890</u>
less-	
Bridge to Success	\$ 115,389
Board designated assets:	
Endowment	100,000
Emergency Fund	<u>500,000</u>
Total restricted and designated assets	<u>\$ 715,389</u>
Net financial assets available to meet cash needs for general expenditures	<u>\$3,742,501</u>

The United Way collects its revenue from donor solicitations and contributions.

THE UNITED WAY OF GREATER WATERBURY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(See Auditor's report)

NOTE 19 - COVID RELIEF FUNDS

During the year ended June 30, 2023, the United Way received a payment in the amount of \$364,984 for Employee Retention Credit (ERC).

NOTE 20 - PRIOR PERIOD ADJUSTMENT

The June 30, 2023 financial statements include a prior period adjustment of \$25,784. This amount represents in error in the calculation of a program's revenue and expenses for the year ended June 30, 2022.

NOTE 21 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 20, 2023, the date the financial statements were available to be issued and has determined that there were no matters requiring disclosure in, or adjustment to, these financial statements.

-20-

THE UNITED WAY OF GREATER WATERBURY, INC.
SCHEDULE OF BRIDGE TO SUCCESS EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Financial Information for 2022)

	<u>2023</u>	<u>2022</u>
SALARIES AND RELATED EXPENSES:		
Salaries	\$ 509,700	\$ 337,766
Employee benefits	42,032	24,593
Payroll taxes	44,267	25,683
Total Salaries and Related Expenses	<u>595,999</u>	<u>388,042</u>
OTHER EXPENSES:		
Office supplies and expenses	35,566	23,979
Postage	802	1,281
Telephone	3,449	3,827
Publicity and promotion	30,373	5,871
Conference and meeting	85,779	23,467
Professional and contractual	477,909	210,390
Total Other Expenses	<u>633,878</u>	<u>268,815</u>
Total Bridge To Success Expenses	<u>\$ 1,229,877</u>	<u>\$ 656,857</u>

See Accountant's report and accompanying notes to financial statements

THE UNITED WAY OF GREATER WATERBURY, INC.
COMMUNITY INVESTMENTS ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Allocations Approved 2022/23	Allocations Approved 2021/22
211/Infoline	\$ 29,619	\$ 33,495
American Red Cross — Waterbury Area	19,367	19,367
Boys and Girls Club of Greater Waterbury	27,818	27,818
Catholic Charities	64,548	64,548
Children's Community School	23,763	23,763
Community Needs Fund	-	6,069
Connecticut Community Foundation/Non-Profit Assistance Institute	30,000	30,000
Connecticut Counseling Centers	8,444	8,444
Connecticut Legal Services	15,050	15,050
Coordinated Access Network (CAN)	30,000	30,000
Covid-19 Relief Fund	-	5,987
Equity Fund	-	100,000
Financial Literacy/Volunteer Income Tax Assistance (VITA)	47,000	14,500
Financial Opportunity Center	35,000	35,000
Flexible Assistance Fund	5,000	11,400
Girl Scouts of Connecticut	8,780	8,780
Girls Inc of Southwestern Connecticut	17,696	17,696
Greater Waterbury Health Partnership (GWHIP)	15,000	15,000
Greater Waterbury Interfaith Ministry	27,444	14,444
Healthy Foods Initiative	30,000	30,000
Hispanic Coalition	-	29,444
Home Visiting Initiative	-	21,500
HomeWorks	49,496	10,000
Mental Health Association of Connecticut	27,419	27,419
Cooper Beech Institute / Mindfulness	-	105,000
Nutmeg Big Brothers/Big Sisters	11,850	11,850
Outcome Measurement Initiative	-	5,467
Reach Out and Read	21,996	21,996
Safe Haven of Greater Waterbury	87,450	87,450
Salvation Army - Waterbury	47,364	47,364
Stay Well Health Center	21,148	21,148
Upstarters	50,000	10,000
Waterbury Bridge to Success	20,000	20,000
Waterbury Re-Entry Center	-	3,827
Waterbury Youth Services	83,595	83,595
Wellmore	77,451	77,451
Y.M.C.A. — Cheshire	6,905	6,905
Y.M.C.A. — Waterbury	31,262	31,262
Other Programs	86,705	86,541
TOTAL:	\$ 1,057,170	\$ 1,219,580

See independent auditor's report and accompanying notes to the financial statements