

**UNITED WAY OF COASTAL
FAIRFIELD COUNTY, INC.**

Financial Statements

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

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

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Independent Auditor's Report

The Board of Directors
United Way of Coastal Fairfield County, Inc.
Bridgeport, Connecticut

Opinion

We have audited the accompanying financial statements of United Way of Coastal Fairfield County, Inc. (United Way) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for one year after the date that the financial statements are 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 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

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

The Board of Directors
United Way of Coastal Fairfield County, Inc.

Report on Summarized Comparative Information

We have previously audited United Way's financial statements as of and for the year ended June 30, 2022, and we expressed an unmodified audit opinion on those financial statements dated November 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cirone Friedberg, LLP

Shelton, Connecticut
November 28, 2023

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(with comparative totals for 2022)

ASSETS	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 3,285,878	\$ 3,141,647
Unrestricted Investments	857,400	301,845
Pooled Investment Funds Held by a Community Foundation	41,619	42,958
Promises to Give, Net of Allowance for Uncollectible Promises of \$81,361 in 2023 and \$185,523 in 2022	174,515	456,846
Grants Receivable	197,067	294,737
Other Receivables	16,020	503
Prepaid Expenses	23,843	41,005
Security Deposits	11,111	11,111
Improvements, Furniture and Equipment, Net	10,461	14,913
Assets Restricted for Long-Term Investments - Endowments	150,746	150,746
Beneficial Interest in Perpetual Trust	149,885	135,422
Agency Assets	<u>200,401</u>	<u>393,704</u>
Total Assets	<u>\$ 5,118,946</u>	<u>\$ 4,985,437</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 342,249	\$ 362,955
Refundable Advances on Grants	1,059,847	56,508
Agency Liabilities	<u>200,401</u>	<u>393,704</u>
Total Liabilities	<u>1,602,497</u>	<u>813,167</u>
<u>Net Assets</u>		
Net Assets Without Donor Restriction:		
Net Investment in Improvements, Furniture and Equipment	10,461	14,913
Board Designated	2,862,351	3,668,068
Undesignated - Available for Operations	<u>-</u>	<u>40,187</u>
Net Assets Without Donor Restriction	2,872,812	3,723,168
Net Assets With Donor Restriction	<u>643,637</u>	<u>449,102</u>
Total Net Assets	<u>3,516,449</u>	<u>4,172,270</u>
Total Liabilities and Net Assets	<u>\$ 5,118,946</u>	<u>\$ 4,985,437</u>

See notes to financial statements.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

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

	2023		2022	
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenues, Gains and Other Support				
Campaign Revenue:				
Total Amounts Raised in Campaigns	\$ 1,072,328	\$ 4,000	\$ 1,076,328	\$ 1,713,270
Less: Amounts Raised on Behalf of Others - Designations, Net	(204,288)	-	(204,288)	(469,911)
Provision for Uncollectible Accounts	(28,976)	-	(28,976)	(61,800)
Sub-Total	839,064	4,000	843,064	1,181,559
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	64,203	-	64,203	28,176
Campaign Revenue, Net	903,267	4,000	907,267	1,209,735
Designations from Other United Ways	52,889	-	52,889	38,974
Other Contributions	382,472	194,843	577,315	387,557
Legacies and Bequests	4,418	-	4,418	3,111
Grant Revenue	789,463	-	789,463	1,634,523
Investment Return, Net	20,773	22,813	43,586	(45,083)
Administrative Fees and Other Income	28,947	-	28,947	40,694
Contributed Nonfinancial Assets	46,189	-	46,189	22,004
Total	2,228,418	221,656	2,450,074	3,291,515
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	18,771	(18,771)	-	-
Expiration of Time Restrictions	8,350	(8,350)	-	-
Total Net Assets Released from Restrictions	27,121	(27,121)	-	-
Total Revenues, Gains and Other Support	2,255,539	194,535	2,450,074	3,291,515
Functional Expenses				
Community Services:				
Community Impact	1,218,873	-	1,218,873	1,833,481
Bridgeport Prospers	1,045,281	-	1,045,281	1,199,170
Total Community Services Expenses	2,264,154	-	2,264,154	3,032,651
Supporting Services:				
Resource Development and Marketing	388,395	-	388,395	555,378
Management and General	459,815	-	459,815	217,125
Total Supporting Services Expenses	848,210	-	848,210	772,503
Total Functional Expenses	3,112,364	-	3,112,364	3,805,154
(Deficiency) Excess of Revenues, Gains and Other Support Over Functional Expenses	(856,825)	194,535	(662,290)	(513,639)
Other Income (Expense)				
Gain on Termination of Operating Lease	7,530	-	7,530	-
Loss on Disposal of Improvements, Furniture and Equipment	(1,061)	-	(1,061)	-
Total Other Income, Net	6,469	-	6,469	-
Change in Net Assets	(850,356)	194,535	(655,821)	(513,639)
Net Assets at Beginning of Year	3,723,168	449,102	4,172,270	4,685,909
Net Assets at End of Year	\$ 2,872,812	\$ 643,637	\$ 3,516,449	\$ 4,172,270

See notes to financial statements.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

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

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (655,821)	\$ (513,639)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	4,855	5,563
Amortization of Right-of-Use Asset - Operating Lease	108,781	-
Gain on Termination of Operating Lease	(7,530)	-
Loss on Disposal of Improvements, Furniture and Equipment	1,061	-
Provision for Uncollectible Accounts	28,976	61,800
Realized and Unrealized Loss on Investments	4,025	11,155
Change in Perpetual Trust	(22,813)	47,559
Changes in Assets and Liabilities:		
Promises to Give	253,355	(57,937)
Grants Receivable	97,670	(88,289)
Other Receivables	(15,517)	86,427
Prepaid Expenses	17,162	30,173
Agency Assets	193,303	(56,587)
Operating Lease Liability	(101,251)	-
Accounts Payable and Accrued Expenses	(20,706)	(66,352)
Refundable Advances on Grants	1,003,339	(94,831)
Agency Liabilities	(193,303)	56,587
Total Adjustments	<u>1,351,407</u>	<u>(64,732)</u>
Net Cash Provided (Used) by Operating Activities	<u>695,586</u>	<u>(578,371)</u>
Cash Flows from Investing Activities		
Proceeds from Sale/Maturity of Investments	250,452	260,483
Acquisition of Investments or Reinvestment of Interest	(808,693)	(250,452)
Distributions from Perpetual Trust	8,350	13,463
Acquisition of Improvements, Furniture and Equipment	(1,464)	(3,179)
Net Cash (Used) Provided by Investing Activities	<u>(551,355)</u>	<u>20,315</u>
Net Increase (Decrease) in Cash and Cash Equivalents	144,231	(558,056)
Cash and Cash Equivalents - Beginning of Year	<u>3,261,517</u>	<u>3,819,573</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,405,748</u>	<u>\$ 3,261,517</u>

See notes to financial statements.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

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

Reconciliation of Cash and Cash Equivalents and Cash Restricted for Long-Term Investments - Endowments		
Cash and Cash Equivalents	\$ 3,285,878	\$ 3,141,647
Cash Restricted for Long-Term Investments - Endowments	<u>119,870</u>	<u>119,870</u>
Total Cash and Cash Equivalents and Cash Restricted for Long-Term Investments - Endowments	<u>\$ 3,405,748</u>	<u>\$ 3,261,517</u>

Supplemental Cash Flow Information

During 2023, United Way obtained a \$261,568 right-of-use asset - operating lease in exchange for a \$261,568 operating lease liability. The operating lease was terminated in May 2023 and, accordingly, the remaining \$152,787 right-of-use asset - operating lease and \$160,317 operating lease liability were written off resulting in a gain on termination of operating lease of \$7,530.

See notes to financial statements.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	2023						
	Community Services			Supporting Services			
	Community Impact	Bridgeport Prospers	Total	Resource Development and Marketing	Management and General	Total	TOTAL
Community Investment Awards	\$ 204,288	\$ -	\$ 204,288	\$ -	\$ -	\$ -	\$ 204,288
Less: Raised on Behalf of Others - Designations	(204,288)	-	(204,288)	-	-	-	(204,288)
Net Community Investment Awards	-	-	-	-	-	-	-
Community Impact Initiatives - Direct							
School & Career Readiness	140,910	22,500	163,410	-	-	-	163,410
Financial Stability	169,999	-	169,999	-	-	-	169,999
Health & Well-Being	130,000	-	130,000	-	-	-	130,000
Sub-total - Community Impact Initiatives - Direct	440,909	22,500	463,409	-	-	-	463,409
Grant Programs - Direct							
HUD - Homeless Management Information System	5,701	-	5,701	-	-	-	5,701
National Audubon Society	20,625	-	20,625	-	-	-	20,625
Sub-total - Grant Programs - Direct	26,326	-	26,326	-	-	-	26,326
Net Community Investments	467,235	22,500	489,735	-	-	-	489,735
Salaries and Related Benefits							
Salaries	178,373	323,179	501,552	137,887	196,907	334,794	836,346
Payroll Taxes	11,928	30,882	42,810	10,573	15,098	25,671	68,481
Employee Benefits	42,527	83,227	125,754	34,027	48,591	82,618	208,372
Sub-total - Salaries and Related Benefits	232,828	437,288	670,116	182,487	260,596	443,083	1,113,199
Other Expenses							
Professional Fees and Contract Services	93,853	381,052	474,905	82,434	118,007	200,441	675,346
Office Supplies, Equipment and Maintenance	4,392	3,629	8,021	4,781	5,869	10,650	18,671
Telephone	2,571	1,884	4,455	2,433	3,475	5,908	10,363
Postage and Shipping	416	305	721	508	562	1,070	1,791
Direct Fundraising Expenses	1,451	1,063	2,514	52,276	1,960	54,236	56,750
Printing	36	27	63	3,524	49	3,573	3,636
Community Events	1,151	11,394	12,545	-	-	-	12,545
Community Outreach, Programs and Supplies	361,070	106,408	467,478	100	-	100	467,578
Public Awareness Campaigns	3,522	2,304	5,826	2,975	4,249	7,224	13,050
Conferences, Meetings, Travel and Training	1,768	25,438	27,206	6,677	2,600	9,277	36,483
Dues and Subscriptions	2,688	18,751	21,439	5,170	2,869	8,039	29,478
Insurance	4,248	3,113	7,361	4,020	5,741	9,761	17,122
Utilities	1,034	757	1,791	978	1,397	2,375	4,166
Lease Expense	22,957	16,822	39,779	21,726	31,026	52,752	92,531
Property Maintenance	1,160	850	2,010	1,098	1,568	2,666	4,676
Miscellaneous Expenses	3,771	2,375	6,146	5,168	2,654	7,822	13,968
Depreciation and Amortization	1,205	882	2,087	1,140	1,628	2,768	4,855
UWW Dues	11,517	8,439	19,956	10,900	15,565	26,465	46,421
Sub-total - Other Expenses	518,810	585,493	1,104,303	205,908	199,219	405,127	1,509,430
Total Functional Expenses	\$ 1,218,873	\$ 1,045,281	\$ 2,264,154	\$ 388,395	\$ 459,815	\$ 848,210	\$ 3,112,364

See notes to financial statements.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	2022						
	Community Services			Supporting Services			
	Community Impact	Bridgeport Prospers	Total	Resource Development and Marketing	Management and General	Total	TOTAL
Community Investment Awards	\$ 469,911	\$ -	\$ 469,911	\$ -	\$ -	\$ -	\$ 469,911
Less: Raised on Behalf of Others - Designations	(469,911)	-	(469,911)	-	-	-	(469,911)
Net Community Investment Awards	-	-	-	-	-	-	-
Community Impact Initiatives - Direct							
School & Career Readiness	162,835	-	162,835	-	-	-	162,835
Financial Stability	108,738	-	108,738	-	-	-	108,738
Health & Well-Being	18,875	-	18,875	-	-	-	18,875
Sub-total - Community Impact Initiatives - Direct	290,448	-	290,448	-	-	-	290,448
Grant Programs - Direct							
City of Bridgeport Rapid Re-housing Program	176,292	-	176,292	-	-	-	176,292
CT SDE Summer Innovation	-	162,000	162,000	-	-	-	162,000
HUD - Continuum of Care Planning	398,350	-	398,350	-	-	-	398,350
HUD - Homeless Management Information System	89,794	-	89,794	-	-	-	89,794
HUD - Re-housing Program	65,532	-	65,532	-	-	-	65,532
National Audubon Society	18,249	-	18,249	-	-	-	18,249
Strive Together	-	25,658	25,658	-	-	-	25,658
Sub-total - Grant Programs - Direct	748,217	187,658	935,875	-	-	-	935,875
Net Community Investments	1,038,665	187,658	1,226,323	-	-	-	1,226,323
Salaries and Related Benefits							
Salaries	242,882	382,751	625,633	234,244	114,731	348,975	974,608
Payroll Taxes	16,454	34,162	50,616	21,927	11,490	33,417	84,033
Employee Benefits	57,888	94,152	152,040	60,282	29,119	89,401	241,441
Sub-total - Salaries and Related Benefits	317,224	511,065	828,289	316,453	155,340	471,793	1,300,082
Other Expenses							
Professional Fees and Contract Services	244,668	377,302	621,970	88,718	25,200	113,918	735,888
Office Supplies, Equipment and Maintenance	16,906	4,289	21,195	6,958	3,531	10,489	31,684
Telephone	2,603	4,456	7,059	2,190	1,148	3,338	10,397
Postage and Shipping	630	397	1,027	923	431	1,354	2,381
Direct Fundraising Expenses	199	-	199	48,671	-	48,671	48,870
Printing	-	-	-	1,809	-	1,809	1,809
Community Events	3,498	15,459	18,957	13,849	-	13,849	32,806
Community Outreach, Programs and Supplies	148,675	16,662	165,337	-	-	-	165,337
Public Awareness Campaigns	2,550	873	3,423	14,836	946	15,782	19,205
Conferences, Meetings, Travel and Training	11,371	10,104	21,475	4,670	1,053	5,723	27,198
Dues and Subscriptions	4,368	4,788	9,156	3,798	1,990	5,788	14,944
Insurance	4,653	2,997	7,650	6,200	3,249	9,449	17,099
Utilities	996	2,701	3,697	1,327	695	2,022	5,719
Lease Expense	21,483	50,760	72,243	24,946	13,072	38,018	110,261
Miscellaneous Expenses	1,681	1,084	2,765	2,292	1,175	3,467	6,232
Depreciation and Amortization	1,514	975	2,489	2,017	1,057	3,074	5,563
UWW Dues	11,797	7,600	19,397	15,721	8,238	23,959	43,356
Sub-total - Other Expenses	477,592	500,447	978,039	238,925	61,785	300,710	1,278,749
Total Functional Expenses	\$ 1,833,481	\$ 1,199,170	\$ 3,032,651	\$ 555,378	\$ 217,125	\$ 772,503	\$ 3,805,154

See notes to financial statements.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 1 - NATURE OF OPERATIONS

United Way of Coastal Fairfield County, Inc. (United Way) serves the twelve communities of Bridgeport, Darien, Easton, Fairfield, Monroe, New Canaan, Norwalk, Stratford, Trumbull, Weston, Westport and Wilton, Connecticut. United Way's mission is: "Together, we empower people to improve their lives". United Way's vision is that all children and families will thrive in school and life.

Fairfield County is an area of high median income, however, it is also home to the highest level of income inequality in the United States. Approximately 42% of United Way's residents struggle to make ends meet. This income disparity means that there is also a gap in access to quality jobs, strong schools, and public goods like parks, libraries, and transportation. These factors directly impact overall life expectancy, which varies across United Way's region by as much as 19 years.

United Way aims to close the Opportunity Gap, and build strong, equitable communities where everyone can thrive. United Way accomplishes its mission through:

- Building strategic partnerships in key sectors, from business to government; education, healthcare, and community organizations/non-profits;
- Working with partners and community members to identify the most pressing needs;
- Focusing on identifying sources of problems;
- Working to create sustainable solutions.

United Way's initiatives aim to empower people to improve their lives in three main areas of focus: health & wellness, education, and financial stability. These areas are the pillars to a good life.

Health & Wellness

United Way empowers people to lead healthier lives by promoting:

- Maternal health, including support for doula care and home visiting;
- On-track child development, with parenting tools to foster and monitor healthy development of young children (since 80% of brain growth happens by age 3);
- Mental health awareness, addressing the impact of trauma and offering tools and group support to build resilience;
- Access to healthy food, with fresh produce and community gardens.

Education

United Way empowers students to succeed in school and prepare for careers by providing:

- Books and reading coaches for families and expecting parents;
- Reading interventions to help children read at the crucial third grade level;
- STEM-enriched learning programs;
- Mentoring for youth in business and entrepreneurship.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 1 - NATURE OF OPERATIONS (CONTINUED)

Financial Stability

United Way empowers neighbors to build stronger financial foundations by providing:

- Financial coaching and savings programs;
- Savings on prescription drugs as well as free tax preparation services, which help families keep their hard-earned money;
- Support for basic needs (food, utilities, stable housing) and immediate help from the 2-1-1 InfoLine.

United Way accomplishes this with grants, innovative community programs and by funding a collective impact initiative, Bridgeport Prospers Cradle to Career.

United Way's initiatives are fueled by:

- Conducting an annual fund-raising campaign which yields employee workplace donations, corporate and foundation gifts, individual direct-mail gifts and grants;
- Bringing people together with passion, expertise, and resources around common causes and providing leadership for those alliances as needed;
- Strategic and diverse partnerships, both funded and unfunded, to effect change;
- Providing fiduciary support services to local community-based organizations and acting as a fiduciary agent for federal grants.

Additionally, the United Way offers "universal designation" to donors who wish to assign contributions to a particular charitable organization. These contributions are paid to the designated charitable organization quarterly and are based on actual collections less an administrative fee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of United Way have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require United Way to report information regarding its 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 United Way's Board of Directors.

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

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Net Assets Without Donor Restriction (continued)

The Board of Directors has 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 United Way 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. As of June 30, 2023 and 2022, United Way has net assets to be maintained in perpetuity in the amount of \$150,746.

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 statement of activities.

Newly Adopted Accounting Standard

Effective July 1, 2022, United Way adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02 (ASU 2016-02), *Leases (Topic 842)*. Under ASU 2016-02, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. United Way adopted ASU 2016-02 using the modified retrospective transition approach and using the additional (and optional) transition method provided by FASB ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. United Way did not restate prior comparative periods as presented under FASB Accounting Standards Codification (ASC) 840, *Leases*, and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022 was necessary for the cumulative impact of adoption of ASU 2016-02. The most significant effect of adopting ASU 2016-02 was the recognition of \$261,568 of an operating lease right-of-use asset (ROU Asset) and an operating lease liability on the statement of financial position as of July 1, 2022. No cumulative effect adjustment to net assets as of July 1, 2022 was necessary. ASU 2016-02 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023.

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

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

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

United Way 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 United Way has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

United Way 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 United Way'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.

United Way recognizes administrative 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.

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

Promises to give that are expected to be received within one year of the financial statement date are reflected at their net realizable value (the gross amount of the promises to give, net of an allowance for uncollectible amounts). Promises to give that are expected to be collected more than one year after the 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 the 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 amounts, in the accompanying statement of activities as part of total amounts raised in campaigns, but are not considered to be part of the campaign revenue of United Way and are therefore deducted to reflect United Way's campaign revenue. United Way earns administrative fees for the processing of Designations. United Way has included in total revenues amounts raised by other United Ways that were designated by donors to be paid to United Way. In addition, United Way increases or reduces campaign revenue for any excess or shortfall collections of amounts raised in prior year campaigns.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Promises to Give

An allowance for uncollectible promises to give 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.

Cash Equivalents

United Way 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. Realized gains or losses and unrealized appreciation or depreciation are included in investment return, net, in the accompanying statement of activities. United Way reflects net realized gains (losses), net unrealized appreciation (depreciation) and net income from investments classified as assets restricted for long-term investments - endowments as net assets without donor restriction unless the donors have stipulated that the net gains (losses), net appreciation (depreciation) or net income are restricted.

United Way reflects net unrealized appreciation (depreciation) from investments classified as beneficial interest in perpetual trust as net assets with donor restriction until such time as assets are distributed to United Way as net assets without donor restriction.

Improvements, Furniture and Equipment

All acquisitions or donations of improvements, furniture and equipment are reflected at cost or their fair value at the date of gift. Depreciation is provided for over the estimated useful lives of the assets of five years, calculated on the straight-line basis. Amortization is provided for over the terms of the respective leases. It is United Way's policy to remove fully depreciated assets from its financial records.

Pooled Investment Funds Held by a Community Foundation

Investments are stated at net asset value, which approximates fair value. Realized gains or losses and unrealized appreciation or depreciation on all investments are reflected in the accompanying statement of activities as increases or decreases in net assets without donor restriction unless their use is temporarily restricted by donor stipulation until spent. Changes in the value of the pooled investment funds and any distributions received are included in the accompanying statement of activities within investment return, net.

Beneficial Interest in Perpetual Trust

A donor has made an initial gift to a trustee, with United Way having a remaining beneficial interest, but not the sole beneficial interest. United Way has reflected its beneficial interest and a corresponding contribution with donor restriction for the present value of the estimated future benefit to be received when the trust assets are distributed. Changes in the value of the beneficial interest are included in the accompanying statement of activities within investment return, net.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

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 United Way's planning, budgeting and awards activities and in the 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.

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

	<u>2023</u>	<u>2022</u>
In-kind and Non-Cash Contributions:		
Food Supplies	\$ 26,759	\$ 800
Advertising	13,050	6,174
Gift Cards	4,200	-
Clothes	1,680	2,300
Community Outreach Supplies	-	6,180
Back-to-School Backpacks	-	3,200
COVID-19 Facemasks and Related	-	1,250
Toys	-	2,100
Other	<u>500</u>	<u>-</u>
Total	<u>\$46,189</u>	<u>\$22,004</u>

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

Contributed advertising consists of color print ad inserts provided by Hearst Media in seven publications of the Connecticut Post in support of the United Way's holiday fundraising efforts. The advertising benefitted both community and supporting services and is included in public awareness campaigns in the accompanying statement of functional expenses. Fair value was estimated based on current rates for similar services.

All other contributed nonfinancial assets were utilized as part of United Way's community impact initiative and are included in community outreach, programs and supplies expense in the accompanying statement of functional expenses. United Way estimated the fair value of these assets based on wholesale values of similar products in the United States.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of United Way are entitled to paid time off, encompassing vacation, sick days and personal days, depending on job classifications, length of service and other factors. United Way's policy is to accrue compensated absences, which is reflected in accounts payable and accrued expenses in the accompanying statement of financial position.

Leases

United Way accounts for leases in accordance with ASU 2016-02. United Way was a lessee under a long-term operating lease for office space, which was terminated in May 2023. United Way is also a lessee under a short-term operating lease for office space. Leases for other equipment are evaluated using the criteria outlined in ASC 842, *Leases*, to determine whether they will be classified as operating leases or finance leases. United Way determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. United Way determines if an arrangement conveys the right to use an identified asset and whether United Way obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. United Way recognizes a lease liability and ROU Asset at the commencement date of leases.

ROU Assets

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

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

Lease Liabilities

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

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Accounting Policy Election for Short-Term Leases

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

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 statement of activities. The 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 United Way on an equitable basis; salaries and benefits are allocated based on specific function. Shared costs are allocated between community services and supporting services based on either personnel costs or an allocation based on square footage. Shared costs allocated based on personnel costs include professional fees and contract services, office supplies, equipment and maintenance, telephone, postage and shipping, printing, dues and subscriptions, utilities and UWW dues. Shared costs allocated based on square footage include insurance, lease expense, property maintenance, and depreciation and amortization.

Use of Estimates

The preparation of 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 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 November 28, 2023, the date the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements, except as reported in Note 17.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 3 - CONCENTRATION OF RISK

United Way maintains its cash and cash equivalents accounts in various banks located in Connecticut. The cash accounts are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation. The investment accounts are insured by the Securities Investor Protection Corporation up to \$500,000. At times during the year, the cash balances in the cash or investments accounts may have exceeded the insured limits. United Way believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - LIQUIDITY

United Way monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

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

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$3,285,878	\$3,141,647
Unrestricted Investments	857,400	301,845
Pooled Investment Funds Held by a Community Foundation	41,619	42,958
Promises to Give, Net	174,515	456,846
Grants Receivable	197,067	294,737
Other Receivables	<u>16,020</u>	<u>503</u>
Total	<u>4,572,499</u>	<u>4,238,536</u>
Less: Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Purpose Restriction, Not Expected to be Satisfied Within One Year	91,434	76,383
Net Assets With Donor Time Restriction, Not Expected to be Satisfied Within One Year	172,137	153,674
Net Assets Without Donor Restriction - Board Designated Total	<u>2,862,351</u> <u>3,125,922</u>	<u>3,668,068</u> <u>3,898,125</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$1,446,577</u>	<u>\$ 340,411</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

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 liabilities.

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:

Description	2023			
	Level 1	Level 2	Level 3	Total
Held at a Trust Company:				
Equities	\$ 48,707	\$ -	\$ -	\$ 48,707
Certificates of Deposit (a)				<u>808,693</u>
Total Investments				<u>\$ 857,400</u>
Beneficial Interest in Perpetual Trust	\$ 149,885	\$ -	\$ -	<u>\$ 149,885</u>
Description	2022			
	Level 1	Level 2	Level 3	Total
Held at a Trust Company:				
Equities	\$ 51,393	\$ -	\$ -	\$ 51,393
Certificates of Deposit (a)				<u>250,452</u>
Total Investments				<u>\$ 301,845</u>
Beneficial Interest in Perpetual Trust	\$ 135,422	\$ -	\$ -	<u>\$ 135,422</u>

(a) United Way's certificates of deposit held for investment with original maturities greater than 90 days are classified as investments. These investments do not qualify as securities as defined within U.S. GAAP and, therefore, are not stated at fair value. The amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 5 - INVESTMENTS (CONTINUED)

Beneficial Interest in Perpetual Trust

United Way is the income beneficiary of a proportional beneficial interest in a perpetual trust whose assets are held and managed by a bank. As of June 30, 2023 and 2022, United Way's share of the fair value of the trust was \$240,195 and \$225,732, respectively, of which \$90,310 represented the original net assets with donor restriction - endowment principal, and \$149,885 and \$135,422 respectively, represented undistributed income and was classified as net assets with donor restriction. During the years ended June 30, 2023 and 2022, the trust distributed \$8,350 and \$13,463, respectively. As of June 30, 2023 and 2022, United Way's share of net assets with donor restriction held in the trust was \$149,885 and \$135,422. The combined increase and decrease of \$6,113 and \$74,485, respectively, has been reflected as a change in net assets with donor restriction for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 - POOLED INVESTMENT FUNDS HELD BY A COMMUNITY FOUNDATION

United Way has transferred assets to Fairfield County Community Foundation (FCCF), which is holding them as an agency fund (Fund) for the benefit of United Way. United Way has granted FCCF sole investment authority over the Fund. FCCF is authorized to invest any asset of the Fund, and to sell, exchange or otherwise dispose of any such asset and reinvest the proceeds of such disposition in every kind of property and type of investment permissible under the applicable laws of the state of Connecticut. The Fund is subject to the investment and spending policies adopted by FCCF, which strives to provide a predictable stream of funding for their programs while seeking to maintain the purchasing power of the endowment assets. FCCF uses a total return strategy to achieve investment returns through capital appreciation and current yield and targets a diversified asset allocation among equity, debt, and alternative investments that balances growth, income and liquidity. The spending rate is 4.5% of the previous 12 quarterly average portfolio market values and includes grants and administrative fees.

Management has elected to treat these funds as an alternative investment fund in accordance with FASB ASU 2015-07, *Fair Value Measurement (Topic 820)*.

Changes in the Fund for the years ended June 30, are as follows:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$73,834	\$83,023
Distributions Received	(6,016)	(2,496)
Investment Fees	(1,253)	(1,251)
Net Investment Return	<u>5,930</u>	<u>(5,442)</u>
Ending Balance	<u>\$72,495</u>	<u>\$73,834</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 6 - POOLED INVESTMENT FUNDS HELD BY A COMMUNITY FOUNDATION (CONTINUED)

United Way's balance in the Fund as of June 30, is presented in the statement of financial position as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted Investments	\$41,619	\$42,958
Restricted for Long-Term Investment - Endowments	<u>30,876</u>	<u>30,876</u>
 Total Pooled Investment Funds Held by a Community Foundation	 <u>\$72,495</u>	 <u>\$73,834</u>

In accordance with ASU 2015-07, United Way has elected to use Net Asset Value (NAV) as a practical expedient for estimating fair value of alternative investments.

Information regarding alternative investments measured at NAV using the practical expedient at June 30, is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>2023</u>				
Pooled Investment Funds Held by a Community Foundation	\$ <u>72,495</u>	\$ <u> -</u>	N/A	0 - 90 days
 <u>2022</u>				
Pooled Investment Funds Held by a Community Foundation	\$ <u>73,834</u>	\$ <u> -</u>	N/A	0 - 90 days

FCCF carries its investments in publicly traded equity and debt securities at fair value based upon quoted market prices, mutual funds at daily reported NAV and certificates of deposit at cost plus accrued interest. FCCF's investments are comprised of approximately 13% equities, 9% fixed income funds, 67% alternative investments, 2% certificates of deposit and 9% cash. Alternative investments consist primarily of foreign and domestic equity, hedge funds, global fixed income, liquid real assets and private markets.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 7 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK

Donors solicited as part of United Way's annual campaigns are identified as either local accounts or national accounts. Local accounts include various workplace campaigns in United Way's 12-community service area.

Concentrations of credit risk arise due to United Way's solicitation of promises to give from companies and individuals located within the Coastal Fairfield County, Connecticut area. United Way does not obtain collateral for its promises, but monitors the status of its past due receivables and provides an allowance for uncollectible promises. United Way had one major corporate donor, including their employees, during the years ended June 30, 2023 and 2022, which accounted for approximately 19% and 15% of total amounts raised in campaigns, respectively, and approximately 4% of amounts raised on behalf of others.

At June 30, 2023 and 2022, amounts due from this donor was approximately 6% and 32% of gross promises to give, respectively, and approximately 4% of agency assets.

Promises to give, net of allowance for uncollectible promises as of July 1, 2021 was \$460,709.

Promises to give, net at June 30, 2023, consisted of the following:

<u>2022 - 2023 and Future Campaigns</u>	<u>Amount</u>
Local Accounts	\$170,458
Less: Allowance for Uncollectible Promises	<u>(28,800)</u>
Local Accounts, Net	<u>141,658</u>
National Accounts	780
Less: Allowance for Uncollectible Promises	<u>(176)</u>
National Accounts, Net	<u>604</u>
Designations from Other United Ways	19,310
Less: Allowance for Uncollectible Promises	<u>(4,000)</u>
Designations from Other United Ways, Net	<u>15,310</u>
Current and Future Campaigns, Net	<u>157,572</u>
<u>Prior Campaigns</u>	
Local Accounts - Due in Less Than One Year	61,986
Less: Allowance for Uncollectible Promises	<u>(45,043)</u>
Local Accounts, Net	<u>16,943</u>
Designations from Other United Ways	3,342
Less: Allowance for Uncollectible Promises	<u>(3,342)</u>
Designations from Other United Ways, Net	<u>-</u>
Prior Campaigns, Net	<u>16,943</u>
Promises to Give, Net of Allowances of \$81,361	<u>\$174,515</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 7 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK (CONTINUED)

Promises to give, net at June 30, 2022, consisted of the following:

<u>2021 - 2022 and Future Campaigns</u>	<u>Amount</u>
Local Accounts	\$ 505,765
Less: Allowance for Uncollectible Promises	<u>(61,099)</u>
Local Accounts, Net	<u>444,666</u>
National Accounts	1,898
Less: Allowance for Uncollectible Promises	<u>(700)</u>
National Accounts, Net	<u>1,198</u>
Designations from Other United Ways	12,360
Less: Allowance for Uncollectible Promises	<u>(4,000)</u>
Designations from Other United Ways, Net	<u>8,360</u>
Current and Future Campaigns, Net	<u>454,224</u>
<u>Prior Campaigns</u>	
Local Accounts - Due in Less Than One Year	108,505
Less: Allowance for Uncollectible Promises	<u>(105,883)</u>
Local Accounts, Net	<u>2,622</u>
Designations from Other United Ways	13,841
Less: Allowance for Uncollectible Promises	<u>(13,841)</u>
Designations from Other United Ways, Net	<u>-</u>
Prior Campaigns, Net	<u>2,622</u>
Promises to Give, Net of Allowances of \$185,523	<u>\$ 456,846</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 7 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK (CONTINUED)

Campaign revenue, net for the year ended June 30, 2023, consisted of the following:

<u>2022 - 2023 Campaigns</u>	<u>Amount</u>
Local Accounts	\$ 946,936
Less: Provision for Uncollectible Promises	(28,800)
Designations	<u>(75,936)</u>
Local Accounts, Net	<u>842,200</u>
National Accounts	129,392
Less: Provision for Uncollectible Promises	(176)
Designations	<u>(128,352)</u>
National Accounts, Net	<u>864</u>
2022 - 2023 Campaigns, Net	<u>843,064</u>
<u>2021- 2022 Campaigns</u>	
Collections of Prior Campaigns in Excess of Amounts Anticipated	
Local Campaigns	<u>64,203</u>
Campaign Revenue, Net of Provision of \$28,976	<u>\$ 907,267</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 7 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK (CONTINUED)

Campaign revenue, net for the year ended June 30, 2022, consisted of the following:

<u>2021 - 2022 Campaigns</u>	<u>Amount</u>
Local Accounts	\$1,483,546
Less: Provision for Uncollectible Promises	(61,100)
Designations	<u>(243,556)</u>
Local Accounts, Net	<u>1,178,890</u>
National Accounts	229,724
Less: Provision for Uncollectible Promises	(700)
Designations	<u>(226,355)</u>
National Accounts, Net	<u>2,669</u>
2021 - 2022 Campaigns, Net	<u>1,181,559</u>
<u>2020 - 2021 and Prior Campaigns</u>	
Collections of Prior Campaigns in Excess of Amounts Anticipated	
Local Campaigns	<u>28,176</u>
Campaign Revenue, Net of Provision of \$61,800	<u>\$1,209,735</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 8 - IMPROVEMENTS, FURNITURE AND EQUIPMENT

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

<u>2023</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Equipment	<u>\$23,229</u>	<u>\$12,768</u>	<u>\$10,461</u>
<u>2022</u>			
Leasehold Improvements	\$ 2,894	\$ 1,254	\$ 1,640
Equipment	<u>32,591</u>	<u>19,318</u>	<u>13,273</u>
Total	<u>\$35,485</u>	<u>\$20,572</u>	<u>\$14,913</u>

During the year ended June 30, 2023, United Way disposed of assets no longer in service with an approximate cost of \$13,700.

NOTE 9 - AGENCY ASSETS AND LIABILITIES

Designations

United Way 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. Agency assets consist primarily of promises to give and cash not yet remitted. Agency liabilities consist primarily of designations payable to agencies and other United Ways.

National Processing Accounts

United Way acts as a processing agent for certain companies' national fund-raising campaigns. The portion of these campaign pledges that are managed and processed by United Way, but are designated to other United Ways and their agencies, are considered agency assets and liabilities. United Way recognizes campaign revenue and an equal amount for amounts raised on behalf of others - designation expense for amounts raised outside of the United Way solicitation area for national campaigns managed by United Way.

Other

United Way acted as a fiscal agent for Hang Time, a local organization. Agency assets consisted of the excess of cash collected on behalf of Hang Time over disbursements made at the instruction of Hang Time.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 9 - AGENCY ASSETS AND LIABILITIES (CONTINUED)

Agency assets and liabilities consisted of cash and uncollected promises to give of the following at June 30:

	<u>2023</u>	<u>2022</u>
Designations	\$ 65,579	\$108,418
National Processing Accounts	134,822	174,144
Hang Time	<u>-</u>	<u>111,142</u>
Total	<u>\$200,401</u>	<u>\$393,704</u>

NOTE 10 - GRANTS

Grants receivable, refundable advances on grants at June 30 and grant revenue for the years ended June 30 consist of the following:

<u>Grantor</u>	<u>Grants Receivable</u>		<u>Refundable Advances on Grants</u>		<u>Grant Revenue</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Federal	\$170,850	\$276,536	\$ 58,449	\$56,508	\$560,719	\$1,135,778
State	-	-	1,000,000	-	-	250,000
Private	<u>26,217</u>	<u>18,201</u>	<u>1,398</u>	<u>-</u>	<u>228,744</u>	<u>248,745</u>
Total	<u>\$197,067</u>	<u>\$294,737</u>	<u>\$1,059,847</u>	<u>\$56,508</u>	<u>\$789,463</u>	<u>\$1,634,523</u>

United Way typically receives grants from government agencies. Under the terms and conditions of these grants, expenditures and compliance with the provisions of such grants are subject to audit by the grantors. Management of United Way does not anticipate that there would be any changes as a result of an audit.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 11 - REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues

For the years ended June 30, 2023 and 2022, administrative fees and other income recognized under Topic 606 at a point in time were approximately \$28,900 and \$40,700, respectively.

United Way's revenues, results of activities, and cash flows are affected by a wide variety of factors, including general economic conditions, geographical region of donors, and available funding from governmental and nongovernmental sources.

NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTION - BOARD DESIGNATED

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

	<u>2023</u>	<u>2022</u>
Stabilization Reserve Fund (a)	\$1,000,000	\$1,250,000
Community Investments - Future (b)	1,144,283	2,250,000
Capital Improvements Fund (c)	18,068	18,068
Cradle to Career Collective Impact Reserve Fund (d)	<u>700,000</u>	<u>150,000</u>
Total Board Designated	<u>\$2,862,351</u>	<u>\$3,668,068</u>

- (a) To insure against unforeseen campaign, economic and organizational circumstances.
- (b) To fund future Community Impact Initiatives.
- (c) To fund anticipated capital improvement needs.
- (d) To fund future Collective Impact Initiatives.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 13 - NET ASSETS WITH DONOR RESTRICTION

The activity in net assets with donor restriction for the year ended June 30, 2023 and the balances as of June 30, 2023 and 2022 are summarized as follows:

	Balance June 30, 2022	Contributions and Losses	Released from Restriction	Balance June 30, 2023
Purpose Restricted:				
Neighbors in Need COVID-19	\$ 4,280	\$ -	\$ -	\$ 4,280
Kids Backpack Friday	28,299	-	7,000	21,299
PT Partners	2,409	25,518	-	27,927
East Side Neighborhood Project	13,891	-	-	13,891
Pepperidge Farm Funds	46,265	-	-	46,265
College Path Initiative/FAFSA	6,394	-	11	6,383
Commence! College Consulting	17,593	-	-	17,593
Norwalk Early Childhood Council	979	-	910	69
Bridgeport Summer Youth Employment	10,000	-	10,000	-
Bridgeport Prospers - Strive Together	-	163,825	-	163,825
Maternal Health Initiative	-	5,500	-	5,500
Other Restricted Programs	<u>14,572</u>	<u>-</u>	<u>850</u>	<u>13,722</u>
	<u>144,682</u>	<u>194,843</u>	<u>18,771</u>	<u>320,754</u>
Time Restricted:				
Beneficial Interest in Perpetual Trust	135,422	22,813	8,350	149,885
Promises to Give	-	4,000	-	4,000
Accumulated Earnings on Permanently Restricted Net Assets Not Appropriated for Expenditure	<u>18,252</u>	<u>-</u>	<u>-</u>	<u>18,252</u>
	<u>153,674</u>	<u>26,813</u>	<u>8,350</u>	<u>172,137</u>
 Total Purpose or Time Restricted	 298,356	 221,656	 27,121	 492,891
 Perpetually Restricted	 <u>150,746</u>	 <u>-</u>	 <u>-</u>	 <u>150,746</u>
 Total Net Assets With Donor Restriction	 <u>\$449,102</u>	 <u>\$221,656</u>	 <u>\$27,121</u>	 <u>\$643,637</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 13 - NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

Endowments

Perpetually restricted net assets at June 30, 2023 and 2022 consisted of the following endowment funds:

Hattie Auger	Norman Leeds	Jennie C. Walkley
Doris P. Guy	Benjamin B. Steiber	Logan Fund
Perry Hurd	Marie Soules	One Plus Fund, Which is Held at FCCF
James Ward Trust		

Assets restricted for long-term investment - endowments at June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$119,870	\$119,870
Pooled Investment Funds Held by a Community Foundation	<u>30,876</u>	<u>30,876</u>
Total	<u>\$150,746</u>	<u>\$150,746</u>

In addition, United Way is the remainder beneficiary of certain other trusts; the value of these interests is not determinable.

U.S. GAAP requires certain provisions relating to “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institution Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds”. The provisions provide disclosures about an organization’s endowment funds to enable users of the financial statements to understand the net asset classifications, net asset composition, changes in net asset composition, spending policy and related investment policy of an organization’s endowment funds.

The Board of Directors of United Way has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the endowment contributions unless there are explicit donor stipulations to the contrary. None of United Way’s endowment contributions have any such stipulations. As a result, United Way retains in perpetuity the original value of the initial and subsequent gift amounts.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 13 - NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

Endowments (continued)

Activity in United Way's endowments for the years ended June 30, was as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>With Donor Restriction - Endowment</u>	<u>Total</u>
Balance - July 1, 2021	\$ -	\$214,696	\$150,746	\$365,442
Unrealized Depreciation of Perpetual Trust	-	(47,559)	-	(47,559)
Distribution of Approved Spending from Endowment Total Return	13,463	(13,463)	-	-
Utilization of Total Return	<u>(13,463)</u>	<u>-</u>	<u>-</u>	<u>(13,463)</u>
Balance - June 30, 2022	-	153,674	150,746	304,420
Unrealized Appreciation of Perpetual Trust	-	22,813	-	22,813
Distribution of Approved Spending from Endowment Total Return	8,350	(8,350)	-	-
Utilization of Total Return	<u>(8,350)</u>	<u>-</u>	<u>-</u>	<u>(8,350)</u>
Balance - June 30, 2023	\$ <u>-</u>	\$ <u>168,137</u>	\$ <u>150,746</u>	\$ <u>318,883</u>

The accumulated unspent appreciation on net assets with donor restriction - endowments at June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Beneficial Interest in Perpetual Trust	\$149,885	\$135,422
Accumulated Earnings on Net Assets With Donor Restriction - Endowment Not Appropriated for Expenditure	<u>18,252</u>	<u>18,252</u>
Total	\$ <u>168,137</u>	\$ <u>153,674</u>

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 14 - DEFINED CONTRIBUTION RETIREMENT PLAN

United Way contributes 7% of gross pay to a defined contribution retirement plan for eligible employees. The employees may make voluntary contributions up to 15% of gross pay. Retirement expense was approximately \$54,000 and \$63,400 for the years ended June 30, 2023 and 2022, respectively.

NOTE 15 - LEASES

Operating Lease

United Way had an operating lease for office space in Bridgeport, Connecticut through August 2024. The lease required monthly base lease payments ranging from \$8,338 to \$10,324. The lease also required United Way to reimburse the landlord, as additional lease expense, their pro-rata share of operating expenses and real estate taxes. These variable expenses were not included in the lease payments used to determine lease liabilities and were recognized as variable lease costs when incurred. In May 2023, the operating lease was terminated.

Total operating lease costs of approximately \$88,800 and \$107,500 are included in lease expense for the years ended June 30, 2023 and 2022, respectively. Total variable lease costs of approximately \$2,700 are included in lease expense in the statement of functional expenses for the year ended June 30, 2023.

The discount rate used for the operating lease was 2.84%. Cash paid for amounts included in the measurement of the lease liability was \$86,973 for the year ended June 30, 2023.

Short-Term Lease

In May 2023, United Way entered into a lease agreement for office space in Bridgeport, Connecticut, on a month-to-month basis. Short-term lease costs of \$1,000 are included in lease expense for the year ended June 30, 2023.

NOTE 16 - PRIOR YEAR INFORMATION

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 U.S. GAAP. Accordingly, such information should be read in conjunction with United Way's financial statements for the year ended at June 30, 2022, from which the summarized information was derived.

UNITED WAY OF COASTAL FAIRFIELD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(with comparative totals for 2022)

NOTE 17 - SUBSEQUENT EVENT

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