

**United Way of Coastal and
Western Connecticut, Inc.
and its Subsidiary**

Consolidated Financial Statements

June 30, 2025 and 2024

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

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Independent Auditors' Report

To the Board of Directors of
United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of United Way of Coastal and Western Connecticut, Inc. and its Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Coastal and Western Connecticut, Inc. and its Subsidiary as of June 30, 2025, 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 (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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of United Way of Coastal and Western Connecticut, Inc. and its Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - 2024 Consolidated Financial Statements and Summarized Comparative Information

The consolidated financial statements of United Way of Coastal and Western Connecticut, Inc. and its Subsidiary as of and for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on November 18, 2024. These consolidated financial statements include summarized comparative information as of and for the year ended June 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Coastal and Western Connecticut, Inc. and its Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Baker Tilly US, LLP

Shelton, Connecticut
January 8, 2026

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Consolidated Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 1,467,983	\$ 2,896,518
Investments	5,401,080	5,364,723
Promises to give, net of allowance for uncollectible promises of \$62,976 in 2025 and \$50,813 in 2024	546,930	448,663
Designations receivable from others, net of allowance for uncollectible designations of \$2,230 in 2025 and \$2,488 in 2024	11,280	23,048
Grants receivable	412,232	691,202
Other receivables	-	55,926
Prepaid expenses and other assets	119,124	128,097
Improvements, furniture, equipment and software, net	73,012	92,798
Right-of-use assets, operating leases	578,444	698,694
Assets restricted for long-term investments, endowments	150,746	150,746
Agency assets	180,534	182,710
	<u>\$ 8,941,365</u>	<u>\$ 10,733,125</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 803,640	\$ 1,189,393
Refundable advances on grants	74,472	188,671
Operating lease liabilities	617,528	738,211
Agency liabilities	180,534	182,710
	<u>1,676,174</u>	<u>2,298,985</u>
Net Assets		
Without donor restriction:		
Net investment in improvements, furniture, equipment and software	73,012	92,798
Board designated	5,573,087	6,333,633
Undesignated, available for operations	50,000	50,000
	<u>5,696,099</u>	<u>6,476,431</u>
With donor restriction	<u>1,569,092</u>	<u>1,957,709</u>
	<u>7,265,191</u>	<u>8,434,140</u>
Total liabilities and net assets	<u>\$ 8,941,365</u>	<u>\$ 10,733,125</u>

See notes to consolidated financial statements

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2025

(With Comparative Totals for 2024)

	2025		2024	
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenues, Gains and Other Support				
Campaign revenue:				
Total amounts raised in campaigns	\$ 2,394,316	\$ -	\$ 2,394,316	\$ 1,801,297
Less: amounts raised on behalf of others, designations, net	(675,235)	-	(675,235)	(305,264)
Less: provision for uncollectible promises	(76,845)	-	(76,845)	(50,813)
	1,642,236	-	1,642,236	1,445,220
Add: collections of prior year campaigns in excess of amounts anticipated	384,019	-	384,019	139,358
Campaign revenue, net	2,026,255	-	2,026,255	1,584,578
Grants	1,947,236	-	1,947,236	2,754,290
Contributions and sponsorships	2,269,592	352,524	2,622,116	2,191,568
Investment return, net	601,408	30,789	632,197	765,446
Contributed nonfinancial assets	78,575	-	78,575	100,377
Fees and other income	52,030	-	52,030	291,294
Fund-raising events	151,893	-	151,893	87,227
Designations from other United Ways, net	32,585	-	32,585	66,960
Total	7,159,574	383,313	7,542,887	7,841,740
Net assets released from restrictions:				
Expiration of time restrictions	12,985	(12,985)	-	-
Satisfaction of purpose restrictions	218,883	(218,883)	-	-
Satisfaction of time and purpose restrictions	540,062	(540,062)	-	-
Total net assets released from restrictions	771,930	(771,930)	-	-
Total revenues, gains and other support	7,931,504	(388,617)	7,542,887	7,841,740
Expenses				
Functional expenses:				
Community services:				
Program services and community partnerships	4,412,547	-	4,412,547	4,910,791
Collective action initiatives	2,798,457	-	2,798,457	2,747,993
Total community services	7,211,004	-	7,211,004	7,658,784
Support services:				
Resource development and marketing	570,903	-	570,903	630,373
Management and general	1,038,669	-	1,038,669	854,943
Total support services	1,609,572	-	1,609,572	1,485,316
Total functional expenses	8,820,576	-	8,820,576	9,144,100
Other (income) expense:				
Employee retention credit income	(142,255)	-	(142,255)	-
Cost of direct benefits to donors	33,515	-	33,515	19,790
Total expenses	8,711,836	-	8,711,836	9,163,890
Change in net assets	(780,332)	(388,617)	(1,168,949)	(1,322,150)
Net Assets, Beginning	6,476,431	1,957,709	8,434,140	9,756,290
Net Assets, Ending	\$ 5,696,099	\$ 1,569,092	\$ 7,265,191	\$ 8,434,140

See notes to consolidated financial statements

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

(With Comparative Totals for 2024)

	2025				2024			
	Community Services		Support Services		Community Services		Support Services	
	Program Services and Community Partnerships	Collective Action Initiatives	Total Community Services	Resource Development and Marketing	Management and General	Total Support Services	Total	Total
Programs and Community Investments								
Bridgeport Prosper	\$ -	\$ 247,804	\$ 247,804	\$ -	\$ -	\$ -	\$ 247,804	\$ 430,379
Danbury Collective	-	40,484	40,484	-	-	-	40,484	31,725
Stamford Cradle to Career	-	527,468	527,468	-	-	-	527,468	394,431
Statewide Collective Action Coalition	-	106,655	106,655	-	-	-	106,655	-
Direct Services program	2,026,314	-	2,026,314	-	-	-	2,026,314	1,275,911
Other community investments	917,808	-	917,808	-	-	-	917,808	1,734,180
Less: raised on behalf of others, designations	(675,235)	-	(675,235)	-	-	-	(675,235)	(305,254)
	<u>2,268,887</u>	<u>922,411</u>	<u>3,191,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,191,298</u>	<u>3,561,362</u>
Programs and community investments, net								
Employee Related Expenses								
Salaries	1,492,582	1,271,459	2,764,041	340,772	681,544	1,022,316	3,786,357	3,640,982
Employee benefits	191,503	234,060	425,563	52,467	104,933	157,400	582,963	472,832
Payroll taxes	132,286	84,576	216,862	26,736	53,473	80,209	297,071	337,246
	<u>1,816,371</u>	<u>1,590,095</u>	<u>3,406,466</u>	<u>419,975</u>	<u>839,950</u>	<u>1,259,925</u>	<u>4,666,391</u>	<u>4,451,060</u>
Subtotal employee related expenses								
Other Expenses								
Professional and consulting fees	56,346	47,998	104,344	12,864	25,729	38,593	142,937	192,629
Office supplies and postage	6,433	3,943	10,376	1,279	2,559	3,838	14,214	42,333
Telephone and internet	4,316	3,828	8,144	1,004	2,008	3,012	11,156	20,973
Printing and promotion	26,716	19,346	46,062	5,679	11,358	17,037	63,099	62,827
Lease expense	88,596	81,780	170,376	28,877	89,519	118,396	288,772	285,903
Insurance	13,628	12,086	25,714	3,170	6,341	9,511	35,225	36,435
Maintenance of equipment	65,681	58,245	123,926	15,279	30,557	45,836	169,762	257,542
Fund-raising events	-	-	-	67,451	-	67,451	67,451	17,747
Conferences, training and travel	17,869	15,846	33,715	4,157	8,313	12,470	46,185	55,625
Dues and subscriptions	7,230	6,411	13,641	1,882	3,363	5,045	18,686	61,691
Miscellaneous	8,931	7,920	16,851	2,077	4,155	6,232	23,083	-
United Way Worldwide dues	22,068	19,570	41,638	5,134	10,267	15,401	57,039	65,757
	<u>317,814</u>	<u>276,973</u>	<u>594,787</u>	<u>148,653</u>	<u>194,169</u>	<u>342,822</u>	<u>937,609</u>	<u>1,099,462</u>
Subtotal other expenses								
Total before depreciation and amortization	4,403,072	2,789,479	7,192,551	568,628	1,034,119	1,602,747	8,795,298	9,111,884
Depreciation and Amortization								
	9,475	8,978	18,453	2,275	4,550	6,825	25,278	32,216
Total functional expenses	<u>\$ 4,412,547</u>	<u>\$ 2,798,457</u>	<u>\$ 7,211,004</u>	<u>\$ 570,903</u>	<u>\$ 1,038,669</u>	<u>\$ 1,609,572</u>	<u>\$ 8,820,576</u>	<u>\$ 9,144,100</u>

See notes to consolidated financial statements

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ (1,168,949)	\$ (1,322,150)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	25,278	32,216
Noncash operating lease expense	217,115	184,928
Provision for uncollectible promises to give	76,845	50,813
Provision for uncollectible designations	2,230	2,488
Donated investments	-	(257,343)
Realized gains on sales of investments	(84,854)	(106,914)
Unrealized appreciation on investments	(282,464)	(387,372)
Changes in:		
Promises to give	(175,112)	108,596
Designations receivable from others	9,538	(9,062)
Grants receivable	278,970	(168,724)
Other receivables	55,926	(39,906)
Prepaid expenses and other assets	8,973	(14,225)
Agency assets	2,176	72,920
Accounts payable and accrued expenses	(385,753)	248,022
Revenue received in advance	-	(38,786)
Refundable advances on grants	(114,199)	(2,071,123)
Operating lease liabilities	(217,548)	(144,345)
Agency liabilities	(2,176)	(72,920)
Net cash used by operating activities	(1,754,004)	(3,932,887)
Cash Flows From Investing Activities		
Purchases of investments	(557,796)	(1,271,623)
Proceeds from sales/maturities of investments	888,757	2,476,120
Purchases of improvements, furniture, equipment and software	(5,492)	(56,741)
Net cash provided by investing activities	325,469	1,147,756
Net change in cash and cash equivalents	(1,428,535)	(2,785,131)
Cash and Cash Equivalents, Beginning	3,016,388	5,801,519
Cash and Cash Equivalents, Ending	\$ 1,587,853	\$ 3,016,388
Supplemental Cash Flow Information		
During 2025, the Organization modified an existing operating lease resulting in a \$96,865 increase to the related right-of-use asset and operating lease liability.		
Reconciliation of Cash and Cash Equivalents and Cash Restricted for Long-Term Investments, Endowments		
Cash and cash equivalents	\$ 1,467,983	\$ 2,896,518
Cash restricted for long-term investments, endowments	119,870	119,870
Total cash and cash equivalents and cash restricted for long-term investments, endowments	\$ 1,587,853	\$ 3,016,388

See notes to consolidated financial statements

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. Nature of Operations

United Way of Coastal and Western Connecticut, Inc. (United Way) is a nonprofit organization dedicated to improving the lives of individuals and families, particularly those facing financial hardship. Serving 27 towns across Fairfield and Southern Litchfield Counties, United Way focuses on mobilizing community resources to address critical needs, supporting over 25% of the state's population. The organization focuses on the 40% of families living at or below the **ALICE** threshold (Asset Limited, Income Constrained, Employed).

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

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

Incorporated as a not-for-profit organization under the Nonstock Corporation Act of Connecticut and exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), United Way ensures that every dollar raised is used effectively to create meaningful impact.

Board Governance

United Way operates under the leadership of a 21-member Board of Directors (Board), who provide expertise and oversight to guide the organization's mission. Additionally, five Community Councils identify local needs, build sustainable funding, and allocate resources to address specific regional priorities.

Direct Services - Education and Health

United Way delivers direct services in key areas: education, health, and financial stability. United Way focuses on early childhood education, ensuring children are ready for kindergarten, and on health initiatives, such as improving access to nutritious food for families facing food insecurity.

Collaboration and Collective Action

United Way is a leader in fostering collaboration through initiatives like the Stamford Food Collaborative and Danbury Food Collaborative, both aimed at reducing food insecurity. These partnerships bring together community stakeholders to create systemic change, addressing not only immediate needs but also the root causes of hunger and poverty. The organization provides backbone support to three Cradle to Career Collective Impact initiatives - Stamford Cradle to Career, Bridgeport Prospers, and Danbury Collective.

Grantmaking

United Way distributes Impact Philanthropy dollars to nonprofit agencies in the areas of health, education, and financial stability. These investments help build long-term community resilience by addressing critical needs. United Way administers three additional grant programs as a third-party grant manager - City of Danbury, Emergency Food and Shelter Program, and Social Equity Council Community Reinvestment Pilot.

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Resource Development and Volunteerism

Volunteerism is a cornerstone of United Way's work. The organization recruits, trains, and places volunteers in meaningful roles across the community, from corporate team projects to youth and senior volunteerism. United Way's resource development efforts are crucial to sustaining its work, focusing on cultivating donor relationships and engaging corporate partners to drive community impact. Through targeted fundraising campaigns, special events, planned giving, grant writing, and workplace campaigns, United Way ensures the financial resources necessary to address the needs of ALICE households and support long-term community initiatives.

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

Basis of Presentation

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

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's Board.

Net Assets With Donor Restriction - Net assets with donor restriction consist of net assets subject to stipulations by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

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

Revenue Recognition

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

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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

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

Support and Revenues

Contributions and Campaign Revenue

Contributions received or promises to give without donor-imposed restrictions are reflected as net assets without donor restriction. Contributions received or promises to give with donor-imposed restrictions are reflected as net assets with donor restriction in the accompanying consolidated financial statements. Contributions or promises to give with donor-imposed conditions are not recognized as contributions or promises to give in the accompanying consolidated financial statements until the period when the conditions are met.

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

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

Net Community Impact Grants and Other Distributions

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

Contributed Nonfinancial Assets

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

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Contributions are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. None of the volunteer services provided to the Organization during the years ended June 30, 2025 and 2024 were required to be recognized in the accompanying consolidated financial statements.

The following contributed goods and services and corresponding noncash expenses were recognized in the accompanying consolidated financial statements during the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
In-kind and noncash contributions:		
Food	\$ 40,219	\$ -
Books, clothing and other	23,732	83,403
Advertising	10,521	6,986
Back to school supplies	3,810	7,488
Professional services	293	2,500
	<u> </u>	<u> </u>
Total	<u>\$ 78,575</u>	<u>\$ 100,377</u>

The Organization has recognized contributed nonfinancial assets within revenue, gains and other support. Contributed nonfinancial assets did not have donor-imposed restrictions for the years ended June 30, 2025 and 2024.

Cash Equivalents

The Organization considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

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

Beneficial Interest in Perpetual Trust

A donor has made an initial gift to a trustee, with the Organization having a remaining beneficial interest, but not the sole beneficial interest. The Organization has reflected within investments 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 consolidated statement of activities within investment return, net.

Pooled Investment Funds Held by a Community Foundation

Pooled investment funds held by a community foundation are reflected within investments and are stated at net asset value (NAV), which approximates fair value. Realized gains or losses and unrealized appreciation or depreciation on all investments are reflected in the accompanying consolidated 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 consolidated statement of activities within investment return, net.

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Allowance for Uncollectible Promises to Give and Designations

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

Improvements, Furniture, Equipment and Software

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

The Organization reviews the carrying value of improvements, furniture, equipment and software for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where discounted expected future cash flows are less than the carrying value, an impairment loss is recognized to reduce the carrying value of the assets to their fair value.

Leases

The Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 842, *Leases (ASC No. 842)*. The Organization is a lessee under both long-term and short-term operating leases for office space. Leases for other equipment are evaluated using the criteria outlined in ASC No. 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and right-of-use (ROU) asset at the commencement date of leases.

ROU Assets

An ROU asset is measured at the commencement date at the amount of the initially measured liabilities plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term as lease expense.

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Lease Liabilities

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

Accounting Policy Election for Short-Term Leases

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

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classifications, length of service and other factors. The Organization's policy is to accrue compensated absences when incurred. The liability for accrued compensated absences is included in accounts payable and accrued expenses on the consolidated statements of financial position.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

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

Use of Estimates

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

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current period presentation. These reclassifications did not impact previously reported change in net assets or net assets.

Subsequent Events

Management has evaluated subsequent events through January 8, 2026, the date the consolidated financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the consolidated financial statements.

4. Concentration of Risk

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

5. Liquidity

The Organization monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2025 and 2024, the following financial assets are available to meet annual operating needs of the years ending June 30, 2026 and 2025:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,467,983	\$ 2,896,518
Investments	5,401,080	5,364,723
Promises to give, net	546,930	448,663
Designations receivable from others, net	11,280	23,048
Grants receivable	412,232	691,202
Other receivables	-	55,926
Total	<u>7,839,505</u>	<u>9,480,080</u>
Less amounts not available for use within one year:		
Net assets with donor restriction, time, not expected to be satisfied within one year	304,762	286,958
Net assets with donor restriction, purpose, not expected to be satisfied within one year	349,962	377,065
Net assets with donor restriction, time and purpose, not expected to be satisfied within one year	258,854	335,609
Net assets without donor restriction, board designated	<u>5,493,916</u>	<u>5,417,835</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 6,407,494</u>	<u>\$ 3,062,613</u>

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The Board has designated a portion of its unrestricted resources for various purposes. These Board designated net assets do not contain donor restrictions and could be made available for current operations, if necessary. The Organization also has available a line of credit it could draw upon in the event of an unanticipated liquidity need.

6. Investments

GAAP has established a definition and framework for measuring fair value, and disclosure about fair value measurements. 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, 2025 and 2024 categorized according to the fair value hierarchy for those investments subject to categorization in the fair value hierarchy are summarized as follows:

Description	2025			Investments Valued at Net Asset Value	Total
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3		
Money market funds	\$ 219,034	\$ -	\$ -	\$ -	\$ 219,034
Fixed income securities	1,723,961	-	-	-	1,723,961
Equities:					
Mutual funds	3,111,884	-	-	-	3,111,884
Common stocks	107,300	-	-	-	107,300
Beneficial interest in perpetual trust	-	186,510	-	-	186,510
Pooled investment funds held by a community foundation	-	-	-	83,267	83,267
Total investments	\$ 5,162,179	\$ 186,510	\$ -	\$ 83,267	\$ 5,431,956

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Description	2024			Investments Valued at Net Asset Value	Total
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3		
Money market funds	\$ 706,979	\$ -	\$ -	\$ -	\$ 706,979
Fixed income securities	1,571,919	-	-	-	1,571,919
Equities:					
Mutual funds	2,808,191	-	-	-	2,808,191
Common stocks	62,954	-	-	-	62,954
Beneficial interest in perpetual trust	-	168,706	-	-	168,706
Pooled investment funds held by a community foundation	-	-	-	76,850	76,850
Total investments	<u>\$ 5,150,043</u>	<u>\$ 168,706</u>	<u>\$ -</u>	<u>\$ 76,850</u>	<u>\$ 5,395,599</u>

Beneficial Interest in Perpetual Trust

The Organization 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, 2025 and 2024, the Organization's share of the fair value of the trust was \$276,820 and \$259,016, respectively, of which \$90,310 of cash and cash equivalents represented the original net assets with donor restriction - endowment principal, and \$186,510 and \$168,706 at June 30, 2025 and 2024, respectively, represented undistributed income classified as net assets with donor restriction. The cash and cash equivalents and undistributed income are included within assets restricted for long-term investments, endowments and investments, respectively, in the consolidated statements of financial position.

Pooled Investment Funds Held by a Community Foundation

The Organization has transferred assets to Fairfield County Community Foundation (FCCF), which is holding them as an agency fund (Fund) for the benefit of the Organization. The Organization 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 Accounting Standards Update No. 2015-07 (ASU No. 2015-07), *Fair Value Measurement (Topic 820)*.

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Changes in the Fund for the year ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning	\$ 76,850	\$ 72,495
Distributions received	-	(2,626)
Investment fees	(1,085)	(1,268)
Net investment return	<u>7,502</u>	<u>8,249</u>
Balance, ending	<u>\$ 83,267</u>	<u>\$ 76,850</u>

In accordance with ASU No. 2015-07, the Organization has elected to use 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, 2025 and 2024 is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
2025				
Pooled investment funds held by a community foundation	\$ 83,267	\$ -	N/A	0 - 90 days
2024				
Pooled investment funds held by a community foundation	\$ 76,850	\$ -	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 18% equities, 8% fixed income funds, 67% alternative investments, 4% corporate bonds, and 3% cash. Alternative investments consist primarily of foreign and domestic equity, hedge funds, global fixed income, liquid real assets and private markets.

Investments at June 30, 2025 and 2024 were reflected in the accompanying consolidated statements of financial position as follows:

	<u>2025</u>	<u>2024</u>
Investments	\$ 5,401,080	\$ 5,364,723
Assets restricted for long-term investments, endowments	<u>30,876</u>	<u>30,876</u>
Total	<u>\$ 5,431,956</u>	<u>\$ 5,395,599</u>

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

7. Promises to Give, Campaign Revenue and Concentration of Receivable Credit Risk

Concentrations of credit risk arise due to the Organization's solicitation of promises for charitable contributions from companies and individuals located within the western Connecticut area. The Organization does not obtain collateral for its promises, but monitors the status of its past due receivables and provides an allowance for uncollectible promises. The Organization had one major corporate donor, including their employees, during the years ended June 30, 2025 and 2024 that accounted for approximately 13% and 11% of total amounts raised in campaigns, and three and two corporate donors that accounted for approximately 48% and 55% of amounts raised on behalf of others, respectively. Amounts due from one donor was approximately 13% of gross promises to give for the year ended June 30, 2024. There were no concentrations in gross promises to give for the year ended June 30, 2025.

Total amounts raised in campaigns for the years ended June 30, 2025 and 2024, and promises to give, net at June 30, 2025 and 2024, primarily from the 2024-2025 and 2023-2024 campaigns, were comprised of the following:

	<u>2025</u>	<u>2024</u>
Annual campaign support:		
Local campaign promises, due in one year or less	\$ 2,394,316	\$ 1,801,297
Less provision for uncollectible promises to give	<u>(76,845)</u>	<u>(50,813)</u>
Net annual campaign support	2,317,471	1,750,484
Amounts collected:		
Local campaign promises	<u>(1,625,791)</u>	<u>(1,143,130)</u>
Promises to give, including designation to other agencies, net	691,680	607,354
Less designation to other agencies reflected as amounts raised on behalf of others	<u>(144,750)</u>	<u>(158,691)</u>
Promises to give, net	<u>\$ 546,930</u>	<u>\$ 448,663</u>

8. Improvements, Furniture, Equipment and Software, Net

Improvements, furniture, equipment and software, net at June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 41,341	\$ 41,341
Office furniture, equipment and software	<u>138,075</u>	<u>132,583</u>
	179,416	173,924
Less: accumulated depreciation and amortization	<u>(106,404)</u>	<u>(81,126)</u>
Improvements, furniture, equipment and software, net	<u>\$ 73,012</u>	<u>\$ 92,798</u>

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

9. Agency Assets and Liabilities

Designations

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

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

Fiduciary Program Funds

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

Agency assets and liabilities consisted of cash and uncollected promises to give of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Designations	\$ 37,427	\$ 67,804
National processing accounts	107,323	90,887
Fiduciary programs funds	<u>35,784</u>	<u>24,019</u>
Total	<u>\$ 180,534</u>	<u>\$ 182,710</u>

During the year ended June 30, 2023, the Organization received \$2,000,000 from the Connecticut Social Equity Council to support broad-based economic reinvestment in targeted communities. During the year ended June 30, 2024, the Organization distributed \$1,800,000 of this amount to agencies in Bridgeport and Stamford, Connecticut and recognized \$200,000 in administrative fees, included in fees and other income in the consolidated statement of activities. In accordance with GAAP, the receipt and distributions qualify as agency transactions and, as such, no amounts have been recognized by the Organization.

10. Line of Credit

The Organization has a \$500,000 revolving line of credit agreement, subject to annual review and renewal. The line of credit bears interest at the prime rate plus 1.0% (8.5% and 9.5% at June 30, 2025 and 2024, respectively). The line of credit is secured by the investments in the account at the brokerage affiliate of Union Savings Bank, with the Organization being required to maintain a minimum balance of \$1,000,000. The Organization's Board has adopted a line of credit spending policy indicating that the line of credit is intended to be used solely for short-term cash flow timing needs.

There were no borrowings against the line of credit at June 30, 2025 and 2024. There was no interest expense on the line of credit for the years ended June 30, 2025 and 2024.

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

11. Net Assets Without Donor Restriction - Board Designated

As of June 30, 2025 and 2024 the Board has designated the following amounts for the purposes indicated:

	<u>2025</u>	<u>2024</u>
Stabilization reserve fund (a)	\$ 2,000,000	\$ 2,000,000
Community investments - future (b)	1,254,030	1,254,030
Legacy gift (c)	797,145	1,548,650
Cradle to Career collective impact reserve fund (d)	697,759	700,000
Community impact operations (e)	357,800	357,800
Children's program and services (f)	309,666	309,666
Furthering volunteerism (g)	138,619	145,419
Capital improvements fund (h)	18,068	18,068
Total	<u>\$ 5,573,087</u>	<u>\$ 6,333,633</u>

- (a) To insure against unforeseen campaign, economic and organizational circumstances.
- (b) To fund future community impact initiatives.
- (c) To fund future programs and operations.
- (d) To fund future collective impact initiatives.
- (e) To fund future grants or endowments for community impact programs.
- (f) To fund children's programs and services benefitting children in north Fairfield county.
- (g) To fund future programs to encourage volunteerism.
- (h) To fund anticipated capital improvement needs.

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

12. Net Assets With Donor Restriction

The activity in net assets with donor restriction for the year ended June 30, 2025 and the balances as of June 30, 2025 and 2024 are summarized as follows:

	<u>Balance June 30, 2024</u>	<u>Contributions and Gains</u>	<u>Released From Restriction</u>	<u>Balance June 30, 2025</u>
Time Restricted:				
Contributions	\$ 100,000	\$ -	\$ -	\$ 100,000
Beneficial interest in perpetual trust	168,706	30,789	12,985	186,510
Accumulated earnings on permanently restricted net assets not appropriated for expenditure	<u>18,252</u>	<u>-</u>	<u>-</u>	<u>18,252</u>
	<u>286,958</u>	<u>30,789</u>	<u>12,985</u>	<u>304,762</u>
Purpose Restricted:				
ALICE programs	256,482	-	32,429	224,053
Bridgeport Prospers, Strive Together	102,185	-	102,185	-
Pepperidge Farm Funds	46,265	-	46,265	-
PT Partners	16,940	-	16,940	-
Kids Backpack Friday	21,299	-	-	21,299
Commence! College Consulting	17,593	-	-	17,593
East Side Neighborhood Project	13,891	-	802	13,089
Heart of Gold Scholarship	4,067	10,000	-	14,067
CT C2C Coalition	10,000	48,875	-	58,875
Other restricted programs	<u>33,542</u>	<u>12,448</u>	<u>20,262</u>	<u>25,728</u>
	<u>522,264</u>	<u>71,323</u>	<u>218,883</u>	<u>374,704</u>
Time and Purpose Restricted:				
ALICE long-term sustainability	470,291	-	318,631	151,660
ALICE seniors critical needs fund	-	79,360	-	79,360
Collective Action - M&T Data Support	-	75,000	-	75,000
Stamford Cradle to Career	71,406	56,094	-	127,500
Synchrony, Collective Action	120,000	-	120,000	-
Danbury Collective Impact	103,008	57,627	-	160,635
Agewell CT Ambassador Program	92,238	13,120	-	105,358
Healthy Savings Program	73,000	-	73,000	-
The Volunteer Center, Save Program	33,605	-	3,185	30,420
ALICE long-term sustainability, food policy manager	19,746	-	19,746	-
Other restricted programs	<u>14,447</u>	<u>-</u>	<u>5,500</u>	<u>8,947</u>
	<u>997,741</u>	<u>281,201</u>	<u>540,062</u>	<u>738,880</u>
Perpetually restricted	<u>150,746</u>	<u>-</u>	<u>-</u>	<u>150,746</u>
Total net assets with donor restriction	<u>\$ 1,957,709</u>	<u>\$ 383,313</u>	<u>\$ 771,930</u>	<u>\$ 1,569,092</u>

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The activity in net assets with donor restriction for the year ended June 30, 2024 and the balances as of June 30, 2024 and 2023 are summarized as follows:

	<u>Balance June 30, 2023</u>	<u>Contributions and Gains</u>	<u>Released From Restriction</u>	<u>Balance June 30, 2024</u>
Time Restricted:				
Contributions	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Beneficial interest in perpetual trust	149,885	26,902	8,081	168,706
Promises to give	4,000	-	4,000	-
Accumulated earnings on permanently restricted net assets not appropriated for expenditure	18,252	-	-	18,252
	<u>272,137</u>	<u>126,902</u>	<u>112,081</u>	<u>286,958</u>
Purpose Restricted:				
ALICE programs	366,878	-	110,396	256,482
Bridgeport Prospers, Strive Together	163,825	102,185	163,825	102,185
Pepperidge Farm Funds	46,265	-	-	46,265
PT Partners	27,927	16,940	27,927	16,940
Kids Backpack Friday	21,299	-	-	21,299
ALICE Saves	20,045	-	20,045	-
Commence! College Consulting	17,593	-	-	17,593
East Side Neighborhood Project	13,891	-	-	13,891
Heart of Gold Scholarship	10,000	-	5,993	4,067
CT C2C Coalition	-	10,000	-	10,000
Other restricted programs	29,954	10,150	6,562	33,542
	<u>717,677</u>	<u>139,275</u>	<u>334,688</u>	<u>522,264</u>
Time and Purpose Restricted:				
ALICE long-term sustainability	831,359	-	361,068	470,291
Stamford Cradle to Career	408,827	71,406	408,827	71,406
Synchrony, Collective Action	250,000	-	130,000	120,000
Danbury Collective Impact	84,022	103,008	84,022	103,008
Agewell CT Ambassador Program	74,935	56,000	38,697	92,238
Healthy Savings Program	87,500	73,000	87,500	73,000
The Volunteer Center, Save Program	30,347	26,000	22,742	33,605
ALICE long-term sustainability, food policy manager	64,875	-	45,129	19,746
Other restricted programs	16,000	-	1,553	14,447
	<u>1,847,865</u>	<u>329,414</u>	<u>1,179,538</u>	<u>997,741</u>
Perpetually restricted	<u>150,746</u>	<u>-</u>	<u>-</u>	<u>150,746</u>
Total net assets with donor restriction	<u>\$ 2,988,425</u>	<u>\$ 595,591</u>	<u>\$ 1,626,307</u>	<u>\$ 1,957,709</u>

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Endowments

Perpetually restricted net assets at June 30, 2025 and 2024 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		

GAAP requires certain provisions relating to "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Connecticut Prudent Management of Institution Funds Act (CTPMIFA), 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 the Organization has interpreted 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 the Organization's endowment contributions have any such stipulations. As a result, the Organization retains in perpetuity the original value of the initial and subsequent gift amounts.

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with donor stipulations. The Organization has no underwater endowment funds at June 30, 2025 and 2024.

Perpetually restricted - endowments consist of net assets whose use is limited by donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There were no perpetually restricted contributions received by the Organization during the years ended June 30, 2025 and 2024. As of June 30, 2025 and 2024, the Organization had net assets to be maintained in perpetuity in the amount of \$150,746.

Activity in the Organization's endowments for the year ended June 30, 2025 was as follows:

	Without Donor Restriction	With Donor Restriction - Endowments	Total
Balance, July 1, 2024	\$ -	\$ 337,704	\$ 337,704
Unrealized appreciation of perpetual trust	-	30,789	30,789
Distribution of approved spending from endowment total return	12,985	(12,985)	-
Utilization of total return	(12,985)	-	(12,985)
Balance, June 30, 2025	<u>\$ -</u>	<u>\$ 355,508</u>	<u>\$ 355,508</u>

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Activity in the Organization's endowments for the year ended June 30, 2024 was as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction - Endowments</u>	<u>Total</u>
Balance, July 1, 2023	\$ -	\$ 318,883	\$ 318,883
Unrealized appreciation of perpetual trust	-	26,902	26,902
Distribution of approved spending from endowment total return	8,081	(8,081)	-
Utilization of total return	<u>(8,081)</u>	<u>-</u>	<u>(8,081)</u>
Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 337,704</u>	<u>\$ 337,704</u>

With donor restriction - endowments at June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Beneficial interest in perpetual trust	\$ 186,510	\$ 168,706
Accumulated earnings on net assets with donor restriction, endowment not appropriated for expenditure	18,252	18,252
Cash and cash equivalents - restricted for long-term investment	119,870	119,870
Investments - restricted for long-term investment	<u>30,876</u>	<u>30,876</u>
Total	<u>\$ 355,508</u>	<u>\$ 337,704</u>

13. Grants

Grants receivable and refundable advances on grants at June 30, 2025 and 2024 and grant revenue for the years ended June 30, 2025 and 2024 consist of the following:

	<u>2025</u>		
	<u>Grants Receivable</u>	<u>Refundable Advances on Grants</u>	<u>Grant Revenue</u>
Grantor:			
Federal	\$ 60,392	\$ -	\$ 1,112,772
State	97,601	74,472	418,898
Private	<u>254,239</u>	<u>-</u>	<u>415,566</u>
Total	<u>\$ 412,232</u>	<u>\$ 74,472</u>	<u>\$ 1,947,236</u>

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

	2024		
	Grants Receivable	Refundable Advances on Grants	Grant Revenue
Grantor:			
Federal	\$ 658,293	\$ 7,446	\$ 1,797,174
State	10,000	181,225	344,808
Private	22,909	-	612,308
Total	<u>\$ 691,202</u>	<u>\$ 188,671</u>	<u>\$ 2,754,290</u>

The Organization 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 the Organization does not anticipate that there would be any changes as a result of an audit.

14. Fundraising

The Organization's fund-raising activities include a golf tournament, a gala and various other fund-raising events. A summary of fund-raising activities for the year ended June 30, 2025 and 2024 is as follows:

	2025	2024
Revenue	\$ 151,893	\$ 87,227
Expenses:		
Fund-raising and other event expenses	67,451	17,747
Direct benefits to donors	33,515	19,790
Total expenses	<u>100,966</u>	<u>37,537</u>
Net revenue	<u>\$ 50,927</u>	<u>\$ 49,690</u>

15. Revenues From Contracts With Customers

For the years ended June 30, 2025 and 2024, fees and other income recognized at a point in time were \$52,030 and \$291,294, respectively.

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

United Way of Coastal and Western Connecticut, Inc. and its Subsidiary

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

16. Small Business Administration - Employee Retention Credit

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act created a new program administered by the Small Business Administration called the Employee Retention Credit (ERC) which is a fully refundable credit against the employer portion of certain payroll taxes for qualifying wages. The Organization has concluded that the ERC represents, in substance, a cost-reimbursable federal grant which is conditioned upon certain performance requirements and/or the incurrence of certain allowable qualifying wages and has accounted for the grant revenue in accordance with ASC 958-605: *Not-for-Profit Entities - Revenue Recognition (ASC 958-605)*. Under ASC 958-605, the Organization can recognize revenue for the ERC as long as they have incurred qualifying wages and are reasonably assured of collection. Under the ERC program, the Organization can claim a credit for qualifying wages for the period March 12, 2020 through December 31, 2021. During the year ended June 30, 2025, the Organization collected and recognized, within the consolidated statement of activities, employee retention credit income of approximately \$142,300 related to the ERC.

17. Retirement and Benefit Plans

The Organization maintains a 401(k) plan to which it contributes 5% of each eligible employee's salary. In addition, all eligible employees may make voluntary pre-tax contributions to the 401(k) plan, subject to annual limits. The Organization will match 50% of the employee's contribution, not to exceed 2% of their salary. Employer contributions of approximately \$216,900 and \$193,400 for the years ended June 30, 2025, and 2024, respectively, are included in employee benefits.

18. Leases

Short-Term Lease

The Organization leases office space in New Milford, Connecticut, on a month-to-month basis in order to service the Southern Litchfield County community. Short-term lease costs of \$3,600 are included in lease expense for both the years ended June 30, 2025 and 2024.

Operating Lease - Stamford

The Organization has an operating lease for office space in Stamford, Connecticut, through July 2026. The lease requires monthly base lease payments of \$7,521 and includes a security deposit of \$15,000. The lease also requires the Organization to pay its pro-rata share of real estate taxes and operating expenses. These variable expenses are not included in the lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

Operating Lease - Danbury

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

Operating Lease - Bridgeport

The Organization has an operating lease for office space in Bridgeport, Connecticut, through September 2030, which requires monthly base lease payments ranging from \$7,198 to \$8,045. The lease also requires the Organization to pay its pro-rata share of utilities and, starting in August 2027, additional base lease costs subject to the consumer price index, as defined. These variable expenses are not included in the lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

At June 30, 2025 and 2024, the weighted-average remaining lease term for operating leases was four years and six years, respectively. At both June 30, 2025 and 2024, the weighted-average discount rate for operating leases was 4%. Cash paid for amounts included in the measurement of lease liabilities was approximately \$229,800 and \$187,300 for the years ended June 30, 2025 and 2024, respectively.

Total operating lease costs of approximately \$229,900 and \$230,800 and variable lease costs of approximately \$55,400 and \$51,500 are included in lease expense in the consolidated statement of functional expenses for the years ended June 30, 2025 and 2024, respectively.

Future minimum payments under the operating leases are as follows at June 30, 2025:

Years ending June 30:	
2026	\$ 234,927
2027	108,248
2028	96,539
2029	96,539
2030	96,539
Thereafter	<u>24,135</u>
	656,927
Less present value adjustment	<u>(39,399)</u>
Present value of operating lease liabilities	<u>\$ 617,528</u>

19. Prior Year Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of June 30, 2024 and for the year then ended, from which the summarized information was derived.

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