

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Financial Statements
and Independent Auditor's Report**

**June 30, 2022
(With Comparative Totals for 2021)**

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

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Independent Auditor's Report

To the Board of Directors
United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, Inc. d/b/a United Way of Central and Northeastern Connecticut 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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, Inc. d/b/a United Way of Central and Northeastern Connecticut'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, Inc. d/b/a United Way of Central and Northeastern Connecticut's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hartford, Connecticut
November 16, 2022

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Statement of Financial Position
June 30, 2022
(With Comparative Totals for 2021)**

	2022			2021
	Without donor restrictions	With donor restrictions	Total	Total
<u>Assets</u>				
Assets				
Cash and cash equivalents	\$ 3,810,566	\$ -	\$ 3,810,566	\$ 2,908,432
Due from (to) other funds	(255,219)	255,219	-	-
Prepaid expenses and other assets	107,260	-	107,260	120,221
Contributions receivable, net	1,397,349	5,748	1,403,097	2,702,856
Other receivables	234,502	-	234,502	148,466
Investments	14,623,519	1,241,821	15,865,340	18,221,119
Investments held in trust by others	-	7,122,131	7,122,131	8,772,986
Property and equipment, net	653,842	-	653,842	764,852
Total assets	<u>\$ 20,571,819</u>	<u>\$ 8,624,919</u>	<u>\$ 29,196,738</u>	<u>\$ 33,638,932</u>
<u>Liabilities and Net Assets</u>				
Liabilities				
Accounts payable and accrued expenses	\$ 1,786,499	\$ -	\$ 1,786,499	\$ 1,829,946
Agency program support payable	2,843,698	-	2,843,698	5,368,405
Donor designations payable	474,312	-	474,312	759,209
Grants payable	2,304,487	-	2,304,487	2,109,663
Line of credit	499,549	-	499,549	-
Refundable advance	141,779	-	141,779	-
Refundable advance - PPP	-	-	-	724,252
Total liabilities	<u>8,050,324</u>	<u>-</u>	<u>8,050,324</u>	<u>10,791,475</u>
Commitments and contingencies				
Net assets				
Without donor restrictions				
Board-designated for Community Investment	1,807,000	-	1,807,000	-
Undesignated	10,714,495	-	10,714,495	12,629,683
With donor restrictions	<u>-</u>	<u>8,624,919</u>	<u>8,624,919</u>	<u>10,217,774</u>
Total net assets	<u>12,521,495</u>	<u>8,624,919</u>	<u>21,146,414</u>	<u>22,847,457</u>
Total liabilities and net assets	<u>\$ 20,571,819</u>	<u>\$ 8,624,919</u>	<u>\$ 29,196,738</u>	<u>\$ 33,638,932</u>

See Notes to Financial Statements.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Statement of Activities
Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	2022			2021
	Without donor restrictions	With donor restrictions	Total	Total
Public support and revenue				
Campaign amounts raised	\$ 7,621,429	\$ 187,750	\$ 7,809,179	\$ 9,223,355
Add				
Contributions from other United Way campaigns, net of donor designations	58,437	-	58,437	68,589
Less				
Uncollectible contributions	(303,177)	-	(303,177)	(25,328)
Amounts designated by donors	(1,470,424)	-	(1,470,424)	(2,415,049)
Net assets released from restrictions	129,750	(129,750)	-	-
	<u>6,036,015</u>	<u>58,000</u>	<u>6,094,015</u>	<u>6,851,567</u>
Campaign revenue, net				
Other revenue				
Investment income, net of fees of \$25,000	508,762	-	508,762	394,180
Income from trusts held by others	530,866	-	530,866	547,712
Grant revenue	1,602,963	-	1,602,963	2,887,781
Administrative fees on amounts raised on behalf of others	35,006	-	35,006	143,566
Rental income	101,363	-	101,363	89,141
Contributed nonfinancial assets	66,904	-	66,904	279,065
Contribution - PPP	724,252	-	724,252	576,506
Miscellaneous/other revenue	1,218,572	-	1,218,572	703,078
	<u>4,788,688</u>	<u>-</u>	<u>4,788,688</u>	<u>5,621,029</u>
Total other revenue				
Total public support and revenue	<u>10,824,703</u>	<u>58,000</u>	<u>10,882,703</u>	<u>12,472,596</u>

**United Way, Inc. d/b/a
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**Statement of Activities
Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	2022		
	Without donor restrictions	With donor restrictions	Total
Community Investment and program services			
Community support and gross funds distributed	\$ 3,706,166	\$ -	\$ 3,706,166
Amounts designated by donors	(1,470,424)	-	(1,470,424)
Community Investment (program support)	2,235,742	-	2,235,742
Grants and initiatives	1,331,535	-	1,331,535
Community Investment services	1,540,544	-	1,540,544
Total Community Investment and program services	5,107,821	-	5,107,821
Support services			
Resource development	2,098,428	-	2,098,428
Management and general	1,465,764	-	1,465,764
Total support services	3,564,192	-	3,564,192
Total Community Investment, program services and support services	8,672,013	-	8,672,013
Operating income (deficit)	2,152,690	58,000	2,210,690
Nonoperating revenue and expenses			
Realized gain on sale of investments	114,950	-	114,950
Change in unrealized (loss) gain on investments	(2,404,490)	-	(2,404,490)
Change in investments held in trust by others	-	(1,650,855)	(1,650,855)
Pension related changes other than net periodic pension cost	28,662	-	28,662
Change in net assets	(108,188)	(1,592,855)	(1,701,043)
Net assets, beginning of year	12,629,683	10,217,774	22,847,457
Net assets, end of year	\$ 12,521,495	\$ 8,624,919	\$ 21,146,414

See Notes to Financial Statements.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Statement of Functional Expenses
Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	2022				
	Support Services				
	Community Investment and program services	Resource development	Management and general	Total	2021 Total
Community Investment					
Community support and gross funds distributed	\$ 3,706,166	\$ -	\$ -	\$ 3,706,166	\$ 7,615,049
Amounts designated by donors	(1,470,424)	-	-	(1,470,424)	(2,415,049)
Community Investment (program support)	2,235,742	-	-	2,235,742	5,200,000
Grants and initiatives	1,331,535	-	-	1,331,535	2,734,504
Total Community Investment (program support) and grants and initiatives	3,567,277	-	-	3,567,277	7,934,504
Salaries	837,648	1,221,618	591,991	2,651,257	2,456,735
Employee benefits	222,587	376,470	86,282	685,339	869,625
Temporary help	1,503	11,271	1,688	14,462	50,758
Total salaries and related expenses	1,061,738	1,609,359	679,961	3,351,058	3,377,118
Promotions	52,751	63,607	2,099	118,457	226,309
Other professional fees	41,601	82,068	30,495	154,164	320,020
Dues and support to United Way Worldwide	39,509	66,861	117,006	223,376	203,479
Supplies, printing and production	7,788	27,501	31,829	67,118	45,666
Occupancy	158,233	64,799	97,730	320,762	286,282
Depreciation	50,069	19,452	115,320	184,841	162,194
Rental and maintenance of equipment	9,102	15,523	10,778	35,403	32,377
Insurance	51,726	52,283	79,740	183,749	93,354
Equipment, hardware and software	45,350	39,255	55,236	139,841	95,937
Postage and shipping	317	7,524	3,951	11,792	20,094
Meetings, travel and staff development	1,640	2,700	4,054	8,394	3,267
Volunteer and agency development	148	397	3,990	4,535	1,118
Telephone	6,868	11,622	14,863	33,353	34,260
Dues, subscriptions and publications	2,599	12,448	33,570	48,617	32,132
Accounting fees	-	-	47,886	47,886	65,885
Legal fees	455	770	7,515	8,740	3,862
Management fees	6,711	2,632	4,063	13,406	18,679
Contributed nonfinancial assets	-	-	66,904	66,904	279,065
Miscellaneous and other	3,939	19,627	58,774	82,340	68,333
	478,806	489,069	785,803	1,753,678	1,992,313
Total functional expenses (excluding Community Investment (program support) and grants and initiatives)	1,540,544	2,098,428	1,465,764	5,104,736	5,369,431
Total functional expenses	\$ 5,107,821	\$ 2,098,428	\$ 1,465,764	\$ 8,672,013	\$ 13,303,935

See Notes to Financial Statements.

**United Way, Inc. d/b/a
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**Statement of Cash Flows
Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (1,701,043)	\$ 3,488,597
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	184,841	162,194
Increase (decrease) in allowance for uncollectible contributions	22,381	(315,296)
Change in unrealized loss (gain) on investments	2,404,490	(1,456,037)
Realized gain on sale of investments	(114,950)	(696,123)
Change in investments held in trust by others	1,650,855	(1,841,528)
Contribution - PPP	(724,252)	(576,506)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	12,961	192,290
Contributions receivable	1,277,378	1,496,911
Other receivables	(86,036)	145,876
Accounts payable and accrued expenses	(43,447)	(1,027,098)
Agency program support payable	(2,524,707)	(643,929)
Donor designations payable	(284,897)	(1,186,906)
Refundable advance	141,779	-
Grants payable	194,824	(318,198)
Net cash provided by (used in) operating activities	<u>410,177</u>	<u>(2,575,753)</u>
Cash flows from investing activities		
Purchases of property and equipment, net	(73,831)	(70,296)
Proceeds from sales of investments	4,338,331	5,972,959
Purchases of investments	<u>(4,272,092)</u>	<u>(5,392,140)</u>
Net cash (used in) provided by investing activities	<u>(7,592)</u>	<u>510,523</u>
Cash flows from financing activities		
Net draws on line of credit	499,549	-
Refundable advance - PPP	<u>-</u>	<u>724,252</u>
Net cash provided by financing activities	<u>499,549</u>	<u>724,252</u>
Net increase (decrease) in cash and cash equivalents	902,134	(1,340,978)
Cash and cash equivalents, beginning	<u>2,908,432</u>	<u>4,249,410</u>
Cash and cash equivalents, end	<u><u>\$ 3,810,566</u></u>	<u><u>\$ 2,908,432</u></u>

See Notes to Financial Statements.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 1 - Organization and operation

United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut ("United Way") is a separate, independent nonprofit organization, governed by a local volunteer Board of Directors. United Way has been addressing community conditions in 52 towns across central and northeastern Connecticut since 1924. United Way's mission is to engage and bring together people and resources committed to the well-being of children and families in the community. United Way's vision is a community where opportunities are available for every child to succeed in school and for every family to achieve financial security. United Way also connects individuals and families with immediate emergency assistance such as food and shelter.

Through its annual community-wide campaign and other giving options, United Way provides the opportunity for people in the community to support the causes and nonprofit organizations important to them. Contributions are obtained primarily from local businesses, charitable foundations and individuals. Contributions to United Way are tax-deductible within the limitations prescribed by law.

Management believes a donation directed to United Way Community Investment is the single best way to make a difference in the community. Through United Way Community Investment, donors' gifts are invested in programs and initiatives to ensure success for children and youth, financial security for lower income families, and immediate emergency assistance for those in need. Programs funded through Community Investment are researched and monitored by knowledgeable staff and volunteers to ensure that donor dollars are invested in programs that produce long-lasting results and that effective nonprofit management, governance, and financial accountability standards are upheld.

Note 2 - New accounting pronouncement

For the year ended June 30, 2022, United Way adopted Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of United Way and will not change existing recognition and measurement requirements. United Way has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

Note 3 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that may or will be met by actions of United Way and/or the passage of time and net assets subject to

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**Notes to Financial Statements
June 30, 2022 and 2021**

donor-imposed restrictions that they be maintained permanently by United Way. Generally, the donors of these assets permit United Way to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

Net assets without donor restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Contributions

Transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. United Way recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Grant and contract services

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to United Way, the revenue from the grant or contract is accounted for as an exchange transaction. For purposes of determining whether a transfer of asset is a contribution or an exchange, United Way deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that is accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Receipts of grant awards in advance, which are payable back to the funding agency if not used, are classified as refundable advances in the accompanying statement of financial position.

**United Way, Inc. d/b/a
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**Notes to Financial Statements
June 30, 2022 and 2021**

Liquidity information

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their resulting use of cash.

Cash and cash equivalents

United Way considers all short-term, highly liquid investments available for current use with a maturity of three months or less when acquired to be cash equivalents.

Investments

United Way reports investments at their current fair value and reflects any gain or loss in the statement of activities. Gains and losses are considered without restriction unless restricted by donor stipulation or by operation of law. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value.

Endowment and spending policy

United Way has adopted investment and spending policies for endowment assets that emphasize preservation of capital as the primary objective with a secondary objective being conservative growth. The policy is designed to preserve the real value of the investment reserves over time while providing a modest level of income for current operating needs. Funds are not intended to be used for campaign shortfalls and the spending policy is not mandatory. Endowment assets include those assets of donor-restricted funds that United Way must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term objectives, United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). United Way targets a broadly diversified asset allocation of investments to achieve its long-term return objectives within prudent risk constraints.

The investment spending policy adopted by the Board of Directors allows for the withdrawal of up to 5% of the average investment portfolio balance of the preceding twenty quarters. The authorized withdrawal for the years ended June 30, 2022 and 2021 was \$1,163,000 and \$1,145,000, respectively. The actual withdrawal for the years ended June 30, 2022 and 2021 was \$600,000 and \$1,000,000, respectively. The volunteer-approved spending policy withdrawal for fiscal year 2023 is \$948,000.

Campaign results

Campaign results are generally calculated on gross amounts raised for all campaign efforts within the 52-town region. United Way counts all funds generated where it "manages" the workplace campaign and incurs the costs to do so, either from solicitation efforts made to and/or through corporate headquarters and/or branch locations within the central and northeastern Connecticut geographic area.

United Way has the responsibility of processing a number of workplace campaigns of companies having regional and/or national work locations and whose company headquarters is based in the Greater Hartford, Connecticut region. Recognizing that other local United Ways are primarily

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involved with the direct solicitation of these respective company locations, United Way does not include the campaign results from these locations in the statement of activities. These campaign results are reflected on the local United Way's financial statements.

For the Connecticut State Employees' Campaign, United Way participates as a member federation. Campaign results designated to United Way and to the certified partner agencies, from state facilities based in the Greater Hartford region, have been reflected in campaign amounts raised by United Way in the accompanying statement of activities. This Campaign took place during the year ended June 30, 2021. There was no such Campaign during the year ended June 30, 2022.

Property and equipment

United Way generally capitalizes expenditures for property and equipment in excess of \$2,500 with a useful life of three years or greater. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives.

Estimated useful lives for financial reporting purposes are as follows:

Asset	Estimated useful lives
Building	31 years
Tenant improvements	10 - 15 years
Furniture, fixtures and equipment	3 - 5 years
Computer equipment and software	3 - 5 years
Office equipment	3 - 5 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

Noncash donations

Donated materials and services are recorded at their estimated values at date of receipt. Community volunteers have donated significant amounts of time in assisting United Way with its fundraising efforts and Community Investment programs. The dollar value of these contributed services is not reflected in the financial statements because the nature of the services does not meet the specified criteria for recording.

United Way receives in-kind contributions, which are recorded as revenue and related expense when received. In-kind contributions are reported at their estimated fair value and consist primarily of advertising.

Income taxes

United Way was organized as a nonstock, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and as such is not subject to federal and state corporate income taxes.

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United Way has no unrecognized tax benefits at June 30, 2022 and 2021. United Way's federal and state information returns prior to fiscal year 2019 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If United Way has unrelated business income taxes, United Way will recognize interest and penalties associated with uncertain tax positions as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summarized comparative 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with United Way's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Functional expenses

United Way categorizes its expenses to one of three functions as follows:

- Community Investment Services are the activities that result in goods and services being distributed to beneficiaries, customers and/or members that fulfill the mission of United Way. This constitutes the total direct and allocable expenses from Community Investment, along with administration and support to its three regional advisory boards, community initiatives and volunteer engagement opportunities within communities.
- Resource Development includes those expenses that are directly attributable to the fundraising efforts, including the marketing of the annual United Way Community Campaign and the administration support and relationship services extended to donors.
- Management and general expenses provide for the overall support of United Way.

Accordingly, certain costs have been allocated by management based on time records and the best available estimate of the percentage of each cost element applicable to each functional area.

Subsequent events

United Way has evaluated events and transactions for potential recognition or disclosure through November 16, 2022, which is the date the financial statements were available to be issued.

Note 4 - Liquidity

United Way regularly 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

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**Notes to Financial Statements
June 30, 2022 and 2021**

required for annual operations. As of June 30, 2022 and 2021, United Way has the following financial assets available to meet annual operating needs for the 2023 and 2022 fiscal years as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,810,566	\$ 2,908,432
Investments	15,865,340	18,221,119
Investments held in trust by others	7,122,131	8,772,986
Contributions receivable, net	1,403,097	2,702,856
Other receivables	<u>234,502</u>	<u>148,466</u>
Financial assets, end of year	28,435,636	32,753,859
Less		
Assets to be held in perpetuity	(1,241,821)	(1,241,821)
Assets of fiscal intermediary	(1,528,894)	(1,398,815)
Investments held in trust by others	(7,122,131)	(8,772,986)
Board-designated for endowment	(14,623,519)	(16,979,298)
Add		
Authorized endowment withdrawal (FY23 and FY22)	<u>948,000</u>	<u>1,163,000</u>
Financial assets available for general expenditure within one year	<u><u>\$ 4,867,271</u></u>	<u><u>\$ 5,523,939</u></u>

These financial assets are not subject to any donor or contractual restrictions. United Way supports its general operations primarily with campaign revenue, contributions and grants. To deal with unplanned cash requirements that might arise, United Way can draw on its line of credit.

Note 5 - Concentrations of credit risk

United Way maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. United Way has not experienced any loss in such accounts and believes that they are not exposed to any significant credit risk on cash and cash equivalents. The total uninsured cash balance at June 30, 2022 was approximately \$3,824,000.

United Way invests in various debt and equity securities. These investment securities are recorded at market value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of United Way's investments which could materially affect amounts reported in the financial statements.

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Note 6 - Contributions receivable and estimated allowance for uncollectible contributions

Contributions receivable, which are expected to be collected within one year, and the estimated allowance for uncollectible contributions, as of June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Gross contributions receivable		
2019/20 campaign	\$ -	\$ 47,446
2020/21 campaign	-	3,019,991
2021/22 campaign	1,784,311	-
2022/23 campaign	<u>5,748</u>	<u>-</u>
Gross contributions receivable	<u>1,790,059</u>	<u>3,067,437</u>
Estimated allowance for uncollectible contributions		
2020/21 campaign	-	364,581
2021/22 campaign	<u>386,962</u>	<u>-</u>
Total estimated allowance for uncollectible contributions	<u>386,962</u>	<u>364,581</u>
Contributions receivable, net	<u><u>\$ 1,403,097</u></u>	<u><u>\$ 2,702,856</u></u>

The majority of campaign contributions received by United Way are honored via payroll deductions. These contributions are remitted to United Way throughout the year by the individuals' employer.

The estimated allowance for uncollectible contributions is based upon a three-year average of historical pledge loss factors adjusted by management's estimates of current economic and local business factors, applied to overall campaign activity. Initial reserve amounts are calculated (and recorded) on gross campaign amounts raised. Specific pledge amounts are written off when management has ascertained the amounts will not be collected. Otherwise, the overall outstanding campaign balance is reconciled and closed at a later date and time.

United Way Worldwide ("UWW") membership standards require the direct payment of donor directed gifts by the "processing" local United Way rather than having proceeds flow through the "managing" United Way of the workplace campaign. If no collection and payment detail is provided to United Way by the campaign "processor" (another local United Way or a third-party agent contracted by the Company for its campaign), these specific designated gifts are assumed to be collected (and disbursed) in full and are recorded accordingly as campaign revenue and amounts designated by donors.

Should the actual pledge loss from a campaign be less than or greater than the amount initially reserved, the difference is recorded in current year results.

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An initial reserve of 4% was established for the 2020 campaign. Actual pledge loss for this campaign, based upon payment information received by United Way inclusive of direct payments by others, was 7%. An initial reserve of 4.45% has been established for the 2021 campaign. For the 2018 through 2020 campaigns, the average rate of pledge loss was 3.33%.

Note 7 - Investments

United Way values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

If an asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used during fiscal years 2022 and 2021.

Financial assets carried at fair value at June 30, 2022 are classified in the table below in one of the three categories described above:

	Total	Level 1	Level 2	Level 3	Investments valued at NAV
Mutual funds					
Short-term fixed income	\$ 5,871,135	\$ 5,871,135	\$ -	\$ -	\$ -
Global fixed income	789,270	789,270	-	-	-
Alternative investments	1,687,860	1,687,860	-	-	-
U.S. equities	6,133,386	6,133,386	-	-	-
Exchange-traded funds	423,129	423,129	-	-	-
Money market fund	29,587	29,587	-	-	-
Alternative investments	930,973	-	-	-	930,973
Investments held in trust by others	7,122,131	-	-	7,122,131	-
Total assets at fair value	<u>\$ 22,987,471</u>	<u>\$ 14,934,367</u>	<u>\$ -</u>	<u>\$ 7,122,131</u>	<u>\$ 930,973</u>

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Financial assets carried at fair value at June 30, 2021 are classified in the table below in one of the three categories described above:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds				
Short-term fixed income	\$ 6,972,324	\$ 6,972,324	\$ -	\$ -
Global fixed income	898,163	898,163	-	-
Alternative investments	1,897,132	1,897,132	-	-
U.S. equities	7,930,669	7,930,669	-	-
Exchange-traded funds	515,502	515,502	-	-
Money market fund	7,329	7,329	-	-
Investments held in trust by others	8,772,986	-	-	8,772,986
Total assets at fair value	<u>\$ 26,994,105</u>	<u>\$ 18,221,119</u>	<u>\$ -</u>	<u>\$ 8,772,986</u>

Mutual funds, exchange-traded funds and money market funds are valued at the daily closing price as reported by the fund. Mutual funds, exchange-traded funds and money market funds held are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds, exchange-traded funds and money market funds are deemed to be actively traded. Alternative investments and investments held in trust by others are designated as Level 3 instruments primarily because observable inputs are not readily available for their allocated portions of the portfolios, which are held by an unrelated party. The fair value is provided by management of the unrelated party and represents United Way's pro rata share of the fair value of the underlying investments. The unrelated party provides United Way with investment statements and valuations of its portion of the portfolios at year end. The fair value was obtained from a third-party without adjustments. As such, United Way is not required to provide certain quantitative disclosures regarding the valuation methods used because they were unobtainable.

Fair value for the alternative investments that are held in a privately held fund invested in global equities are valued at the net asset value ("NAV"), which is used as a practical expedient. Investments that are measured at NAV as a practical expedient are not classified in the fair value hierarchy. There are limitations to the redemption frequency.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value of investments in entities that use NAV

The following table summarizes investments for which fair value is measured using NAV per share practical expedient as of June 30, 2022:

	<u>Fair value</u>	<u>Underfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Alternative investments				
Blackstone	<u>\$ 930,973</u>	<u>\$ -</u>	Quarterly	90 days

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Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2022:

	2022		
	Cost	Market	Unrealized gains (losses)
Mutual funds			
Short-term fixed income	\$ 6,103,535	\$ 5,871,135	\$ (232,400)
Global fixed income	953,036	789,270	(163,766)
Alternative investments	1,397,559	1,687,860	290,301
U.S. equities	5,938,581	6,133,386	194,805
Exchange-traded funds	379,577	423,129	43,552
Money market fund	29,587	29,587	-
Alternative investments	954,647	930,973	(23,674)
Total	<u>\$ 15,756,522</u>	<u>\$ 15,865,340</u>	<u>\$ 108,818</u>

Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2021:

	2021		
	Cost	Market	Unrealized gains (losses)
Mutual funds			
Short-term fixed income	\$ 6,921,832	\$ 6,972,324	\$ 50,492
Global fixed income	926,644	898,163	(28,481)
Alternative investments	1,418,073	1,897,132	479,059
U.S. equities	5,996,486	7,930,669	1,934,183
Exchange-traded funds	437,447	515,502	78,055
Money market fund	7,329	7,329	-
Total	<u>\$ 15,707,811</u>	<u>\$ 18,221,119</u>	<u>\$ 2,513,308</u>

Investment amounts are summarized in the statement of financial position as follows:

	2022	2021
Without donor restrictions	\$ 14,623,519	\$ 16,979,299
With donor restrictions	<u>1,241,821</u>	<u>1,241,820</u>
Total	<u>\$ 15,865,340</u>	<u>\$ 18,221,119</u>

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The volunteers who make up the Investment Committee (a sub-committee of the Finance Committee) are charged with the responsibility for the management of the aggregate assets of the endowment of United Way. The majority of these volunteers are professionals within the investment industry. Their primary long-term objective is to preserve the real (i.e., inflation adjusted) purchasing power of all invested funds, while producing a modest income stream for support of operations and programs of United Way. To strengthen its fiduciary role, the Investment Committee utilizes the services of an independent consultant. The safekeeping of assets is maintained by a separate custodian.

Note 8 - Investments held in trust by others

Investments held in trust by others (and administered by a third-party trustee) represent the market values of United Way's rights to split-interest agreements. The interest in these assets is carried as a net asset with donor restrictions in the statement of financial position. The distributed income from these investments is recorded as nonoperating revenue when received, as there are no restrictions on the use of these funds. The fair value as of June 30, 2022 and 2021 was \$7,122,131 and \$8,772,986, respectively. The change in the carrying value of investments held in trust by others during the years ended June 30, 2022 and 2021 was an unrealized (loss) gain of \$(1,650,855) and \$1,841,528, respectively.

Note 9 - Property and equipment

At June 30, 2022 and 2021, the cost of property and equipment, less accumulated depreciation, is as follows:

	2022	2021
Building and land	\$ 3,294,503	\$ 3,294,503
Tenant improvements	176,901	176,901
Furniture, fixtures and equipment	152,276	152,276
Computer equipment and software	917,850	846,927
Office equipment	31,186	28,277
	4,572,716	4,498,884
Less accumulated depreciation	(3,918,874)	(3,734,032)
Total	<u>\$ 653,842</u>	<u>\$ 764,852</u>

Note 10 - Line of credit

On August 18, 2014, United Way entered into a revolving line of credit agreement (the "Line") with Webster Bank in the amount of \$1,500,000 to be used as needed for general corporate purposes. The Line has a maturity date of February 2024. Interest on advances is due and payable at a rate equal to either the adjusted daily LIBOR rate plus two hundred basis points, or the Base Lending Rate, as defined in the Line. The outstanding balance on the Line was \$499,540 and \$0 as of June 30, 2022 and 2021, respectively.

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**Notes to Financial Statements
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Note 11 - Agency program support

Through United Way's Community Investment, donors' gifts are invested by United Way volunteers in programs and initiatives with a proven track record of ensuring children are successful, families are financially stable and that basic needs are available to those in need. Community Investment funded programs are monitored by trained volunteers who ensure that dollars are invested in programs to produce real results and that effective nonprofit management, governance and financial accountability standards are upheld.

The total agency support expense for the year ended June 30, 2022 was \$2,235,742. An initial round of investments totaling \$2,193,000 was invested beginning July 1, 2022. The awards per program services are as follows as of June 30, 2022:

<u>Program service category</u>	<u>Amount</u>	<u>Percent</u>
United We Read	\$ 1,319,088	59 %
United for ALICE	424,791	19
Basic Needs	491,863	22
	<u>\$ 2,235,742</u>	<u>100 %</u>

The total agency support expense for the year ended June 30, 2021 was \$5,200,000. An initial round of investments totaling \$2,981,000 was invested beginning July 1, 2021; the remaining \$2,219,000 will be invested during the period January through June 2022. The awards per program services are as follows as of June 30, 2021.

<u>Program service category</u>	<u>Amount</u>	<u>Percent</u>
Youth Success	\$ 1,575,000	30 %
Economic Mobility	653,000	13
Basic Needs	753,000	14
To be awarded January - June 2022	2,219,000	43
	<u>\$ 5,200,000</u>	<u>100 %</u>

Note 12 - Designations to others

Through the United Way Community Campaign, donors can direct their gifts to any qualified organization in the United States over which United Way exercises/retains no discretion as to use due to donor instruction. In order to qualify, an organization must meet the following three criteria: (1) fully tax exempt, (2) donations are 100% tax deductible, (3) in full compliance with The Federal Patriot Act laws. As a member of United Way Worldwide, United Way adheres to all membership criteria including the requirements for deducting administrative fees from donor-directed contributions.

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Note 13 - Grants payable

Grants payable are available for the following initiatives and are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Metro Hartford Workforce Solutions Collaborative - a public/private partnership of organizations committed to ensuring a competitive, economically self-sufficient workforce with the skills needed by area employers.	\$ 1,395,155	\$ 1,163,850
Emerging Needs Fund (formally known as Changing Community Conditions) - funds available to invest in strategies to improve lives and change community conditions, and/or respond to emergency needs that are in alignment with United Way's community goals.	150,347	150,347
WLC Family Financial Initiative - funds available to bring adult financial services such as credit and budget workshops, one-on-one financial coaching, matched savings programs and referral services to community schools in Hartford.	180,750	192,702
Generation Work - with support from the Annie E. Casey Foundation, United Way and multiple partners aim to identify and pursue effective strategies to improve employment opportunities for young adults ages 18 to 29 by improving coordination and collaboration among industry-specific approaches and youth initiatives.	-	169,909
Coalition for New Britain's Youth - a citywide collaborative committed to improving the lives of New Britain's youth, birth through age 24, and working to ensure they have what they need to be successful in school, career, and life.	124,870	170,658
Working Cities - funds available to support implementation of a cross-sector, collaborative partnership to increase employment among young adults in three Hartford neighborhoods: Frog Hollow, Barry Square and South Green.	178,596	94,743
North Hartford Triple Aim Collaborate is a multi-sector team focused on population health improvement. Residents and partner organizations from the business, nonprofit, healthcare and government sectors are working together to design a neighborhood-level health strategy.	186,462	73,684
Other/miscellaneous grant funding	<u>88,307</u>	<u>93,770</u>
Total grants payable	<u><u>\$ 2,304,487</u></u>	<u><u>\$ 2,109,663</u></u>

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Note 14 - Net asset restrictions

Certain net assets are restricted to time or purpose as follows:

	<u>2022</u>	<u>2021</u>
Net assets restricted in perpetuity		
The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulations	\$ 1,241,821	\$ 1,241,821
Investments held in trusts	<u>7,122,131</u>	<u>8,772,985</u>
Total	<u>\$ 8,363,952</u>	<u>\$ 10,014,806</u>
Net assets restricted to time and purpose		
Time restrictions	\$ 187,750	\$ 129,750
Assigned assets - regional service areas	<u>73,217</u>	<u>73,218</u>
Total	<u>\$ 260,967</u>	<u>\$ 202,968</u>

Note 15 - Contributions from other United Way campaigns

This revenue is recorded on a cash basis in the financial statements, net of any pass-through amounts directed to community agencies. No fees are deducted (by United Way) on any such "donor-restricted gifts".

Note 16 - Operating leases

United Way leases certain equipment under noncancelable operating leases which expire at various times through September 2024. Monthly aggregate payments are \$4,512. United Way is responsible for maintenance, taxes and related insurance costs. Total rental expense under these leases was \$35,404 and \$32,377 during the years ended June 30, 2022 and 2021, respectively.

Future commitments under these leases in each of the years subsequent to June 30, 2022 are as follows:

2023	\$ 4,589
2024	1,620
2025	<u>405</u>
Total	<u>\$ 6,614</u>

United Way leases portions of its administrative building to unrelated not-for-profit organizations. As of June 30, 2022, three leases were in effect which expire at various dates through December 2024. Rental income for the years ended June 30, 2022 and 2021 was \$101,363 and \$89,141, respectively.

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Future payments under these leases in each of the years subsequent to June 30, 2022 are as follows:

2023	\$	79,596
2024		50,920
2025		<u>16,866</u>
Total	\$	<u><u>147,382</u></u>

Note 17 - Employee benefit plans

United Way maintains a contributory defined benefit pension plan (the "Plan"), which vests with three years of service, and which covers substantially all of its employees at least 21 years of age with one year of service. It is United Way's policy to fund pension costs as determined by the Board of Directors, subject to the funding limitations of the Employee Retirement Income Security Act of 1974.

The measurement date of the Plan is June 30. The accrued benefit cost is included in accounts payable and accrued expenses in the accompanying statement of financial position:

	<u>2022</u>	<u>2021</u>
Projected benefit obligation at June 30	\$ 3,997,917	\$ 4,732,346
Fair value of plan assets at June 30	<u>(2,684,999)</u>	<u>(3,219,613)</u>
Underfunded status	<u>\$ 1,312,918</u>	<u>\$ 1,512,733</u>
Accrued benefit cost recognized in the statement of financial position	<u>\$ (1,312,918)</u>	<u>\$ (1,512,733)</u>
Weighted average assumptions as of June 30		
Discount rate for funded status	4.45%	2.50%
Discount rate for net periodic benefit cost	2.50%	2.25%
Expected return on plan assets	4.00%	4.00%
Rate of compensation increase	0.00%	0.00%
Post-retirement interest rate	4.00%	4.25%
Net periodic pension cost	\$ 28,847	\$ 75,094
Employer contribution	200,000	200,000
Benefits paid	126,205	89,855
Accumulated benefit obligation	3,997,917	4,732,346

The assumed long-term rate of return on assets is developed based on the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. This information is provided by the Plan's investment advisor.

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Retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

2023	\$	419,000
2024		178,000
2025		416,000
2026		119,000
2027		172,000
2028-2032		745,000

The asset allocations by category as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Mutual funds	\$ 2,646,381	99%	\$ 3,219,613	100%
Other - cash	<u>38,618</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,684,999</u>	<u>100%</u>	<u>\$ 3,219,613</u>	<u>100%</u>

United Way sets investment guidelines with the assistance of investment professionals. These guidelines are established on market conditions, risk tolerance, funding requirements and expected benefit payments. The guidelines address the investment allocation process, selection of investment professionals and monitoring of asset performance. As pension liabilities are long-term in nature, United Way employs a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk. An annual analysis on the risk versus the return of the investment portfolio is conducted to justify the expected long-term rate of return assumption.

Effective June 30, 2017, the Plan was amended to freeze all future benefit accruals under the Plan, whereby no Plan participant will earn any additional benefits and no new employees will become eligible to participate in the Plan. Final average compensation will not include any compensation earned after the effective date, and benefit accrual service will not include any service after the effective date. All participants became 100% vested in their accrued benefit as of June 30, 2017.

Pension plan assets carried at fair value at June 30, 2022 are classified in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,646,381	\$ -	\$ -	\$ 2,646,381
Other - cash	<u>38,618</u>	<u>-</u>	<u>-</u>	<u>38,618</u>
Total	<u>\$ 2,684,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,684,999</u>

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Pension plan assets carried at fair value at June 30, 2021 are classified in the table below:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,219,613	\$ -	\$ -	\$ 3,219,613
Total	<u>\$ 3,219,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,219,613</u>

The net periodic pension cost and pension related changes other than net periodic pension cost are as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Interest cost	\$ 99,850	\$ 100,004
Expected return on plan assets	(108,066)	(104,212)
Amortization of net loss	<u>37,063</u>	<u>79,302</u>
Net periodic pension cost	<u>\$ 28,847</u>	<u>\$ 75,094</u>
Net loss (gain)	\$ (28,662)	\$ (168,124)
Effect of settlement	<u>-</u>	<u>(158,124)</u>
Pension related changes other than net periodic pension cost	<u>\$ (28,662)</u>	<u>\$ (326,248)</u>

A reconciliation of items not yet reflected in net periodic benefit cost and a component of without donor restrictions net assets is as follows for the years ended June 30, 2022 and 2021:

	June 30, 2021	Reclassified as net periodic benefit cost	Amounts arising during period	Effects of settlement	June 30, 2022
1. Transition obligation (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
2. Net prior service cost (credit)	-	-	-	-	-
3. Net loss	<u>1,172,890</u>	<u>-</u>	<u>(28,662)</u>	<u>-</u>	<u>1,144,228</u>
	<u>\$ 1,172,890</u>	<u>\$ -</u>	<u>\$ (28,662)</u>	<u>\$ -</u>	<u>\$ 1,144,228</u>

	June 30, 2020	Reclassified as net periodic benefit cost	Amounts arising during period	Effects of settlement	June 30, 2021
1. Transition obligation (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
2. Net prior service cost (credit)	-	-	-	-	-
3. Net loss	<u>1,499,138</u>	<u>-</u>	<u>(168,124)</u>	<u>(158,124)</u>	<u>1,172,890</u>
	<u>\$ 1,499,138</u>	<u>\$ -</u>	<u>\$ (168,124)</u>	<u>\$ (158,124)</u>	<u>\$ 1,172,890</u>

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The estimated effect in the next fiscal year of items not yet reflected in net periodic benefit cost is as follows:

	<u>July 1, 2022</u>	<u>Estimated amounts to be reclassified as net periodic benefit cost in 2023</u>
1. Transition obligation	\$ -	\$ -
2. Net prior service cost	-	-
3. Net loss	1,144,228	51,539

No plan assets are expected to be returned to the employer during the next fiscal year.

Based on the facts and circumstances that existed at June 30, 2022, United Way expects to contribute \$200,000 to the Plan during fiscal year 2023. United Way believes with prudent risk tolerance and asset diversification, the Plan should be able to meet its pension obligations in the future.

In addition, United Way maintains a voluntary retirement savings program for its employees. Under this 403(b) Thrift Plan, eligible employees may contribute any amount from pre-tax salary provided that total annual contributions do not exceed the maximum permitted under the Internal Revenue Code. To participate in this plan, employees must complete one year of service.

United Way makes a matching contribution, for employees with less than 20 years of service, equal to 50% of the salary reduction amount contributed during the plan year up to 3% of compensation received during the plan year. For those employees with 20 years or more of service (excluding highly compensated employees), the matching contribution is equal to 75% of the salary reduction amount contributed during the plan year up to 4.5% of compensation received during the plan year. Vesting of these matching contributions is 100% when an employee has completed three years of service. United Way's contributions during the years ended June 30, 2022 and 2021 were \$133,150 and \$123,815, respectively.

Note 18 - Endowment

United Way's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

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As a result of this interpretation, United Way classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions to time and purpose until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of United Way and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of United Way; and
7. The investment policies of United Way.

Endowment net asset composition by type of fund as of June 30, 2022 were as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,241,821	\$ 1,241,821
Board-designated endowment funds	14,623,519	-	14,623,519
Total funds	<u>\$ 14,623,519</u>	<u>\$ 1,241,821</u>	<u>\$ 15,865,340</u>

Endowment net asset composition by type of fund as of June 30, 2021 were as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,241,821	\$ 1,241,821
Board-designated endowment funds	16,979,298	-	16,979,298
Total funds	<u>\$ 16,979,298</u>	<u>\$ 1,241,821</u>	<u>\$ 18,221,119</u>

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Changes in endowment net assets for the year ended June 30, 2022 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 16,979,298	\$ 1,241,821	\$ 18,221,119
Investment income, net	499,087	34,674	533,761
Net realized and unrealized depreciation	(2,289,540)	-	(2,289,540)
Amounts appropriated for expenditure	(565,326)	(34,674)	(600,000)
Endowment net assets, end of year	<u>\$ 14,623,519</u>	<u>\$ 1,241,821</u>	<u>\$ 15,865,340</u>

Changes in endowment net assets for the year ended June 30, 2021 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 15,407,957	\$ 1,241,821	\$ 16,649,778
Investment income, net	389,781	29,400	419,181
Net realized and unrealized depreciation	2,152,160	-	2,152,160
Amounts appropriated for expenditure	(970,600)	(29,400)	(1,000,000)
Endowment net assets, end of year	<u>\$ 16,979,298</u>	<u>\$ 1,241,821</u>	<u>\$ 18,221,119</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires United Way to retain as a fund of perpetual duration. As of June 30, 2022 and 2021, there were no deficiencies of this nature.

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Note 19 - Contributed nonfinancial assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

2022				
	Revenue recognized	programs/activitie s	Donor restrictions	Valuation techniques and inputs
Donated services	\$ 24,046	Administrative	None	Syntrinsic's charges for advisor fees incurred by United Way and advertisement of United Way events
Masks	27,858	Administrative	None	Fair market value of the asset at the date of donation
Toothbrushes	15,000	Administrative	None	Fair market value of the asset at the date of donation
	<u>\$ 66,904</u>			
2021				
	Revenue recognized	programs/activitie s	Donor restrictions	Valuation techniques and inputs
Donated services	\$ 130,421	Institutional support	None	Syntrinsic's charges for advisor fees incurred by United Way and advertisement of United Way events
Masks	141,144	Administrative	None	Fair market value of the asset at the date of donation
Toys	4,000	Administrative	None	Fair market value of the asset at the date of donation
Hats	3,500	Administrative	None	Fair market value of the asset at the date of donation
	<u>\$ 279,065</u>			

All donated services and supplies were utilized by United Way's programs and supporting services.

Note 20 - Paycheck Protection Program

In April 2020, United Way received a loan in the amount of \$576,506 through its bank to cover eligible costs during a 24-week period. The loan was obtained through the Paycheck Protection Program ("PPP") and is guaranteed by the Small Business Administration. Subject to certain guidelines, some or all of the loan may be forgiven. Interest on the portion of the loan that is not forgiven is charged at 1% and will be paid in 18 monthly installments of \$32,282 beginning on November 15, 2020. However, the loan was forgiven on January 27, 2021 as the funds were used to cover eligible payroll and utility costs. The proceeds of the loan were recognized on the statement of activities as a contribution at June 30, 2021.

On February 6, 2021, United Way received a loan for \$724,252 from Webster Bank through the Small Business Administration's Paycheck Protection Program, Second Draw, to cover payroll and utility costs. The loan bears interest at 1% and is to be paid in monthly installments beginning on July 1, 2022. However, the loan was forgiven on August 5, 2021 as the funds were used to cover eligible payroll and utility costs. The proceeds of the loan have been recognized on the statement of activities as a contribution.

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Note 21 - Commitments and contingencies

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenues and other material adverse effects to United Way's financial position, results of activities, and cash flows. United Way is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on United Way's operations continue for an extended period of time, United Way may have to seek alternative measures to finance its operations.



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