UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT

Financial Statements

Year Ended June 30, 2023

(With Independent Auditors' Report Thereon)

Kahn, Litwin, Renza & Co., Ltd.
Boston • Newport • Providence • Waltham

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KLR

Certified Public Accountants
and Business Consultants

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut (a not-for-profit organization) (the Organization), which comprise the statements of financial position as of June 30, 2023 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 financial statements referred to above 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, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

As part of our audit of the 2023 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Organization other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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Change in Net Assets without Donor Restrictions:	
Support and revenue:	
Campaign revenue:	
Campaign pledges generated	$ 7,145,999
United Way campaigns, net of donor designations	43,199
Less provision for uncollectible contributions	(282,788)
Less amounts designated by donors	(814,101)
Campaign revenue, net	**6,092,309**
Contributions and grant income	3,465,709
Government grant income	521,009
Contributed nonfinancial assets	108,873
Other income	698,005
Gain on pension-related changes	491,805
Investment return, net	1,416,931
Net assets released from restrictions	317,118
Total support and revenue without donor restrictions	**13,111,759**
Expenses:	
Program services	6,513,355
General and administrative	1,549,627
Fundraising	2,015,680
Total expenses	**10,078,662**
Change in net assets without donor restrictions	**3,033,097**
Change in Net Assets with Donor Restrictions:	
Campaign and contribution income	143,560
Investment return, net	128,642
Net assets released from restrictions	(317,118)
Change in net assets with donor restrictions	**(44,916)**
Change in Net Assets	**2,988,181**
Net Assets, beginning of year, as previously stated	**21,146,415**
Prior period adjustment (Note 3)	(6,471,157)
Net Assets, beginning of year, as restated	**14,675,258**
Net Assets, end of year	**$ 17,663,439**

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UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Program grants and awards	**$ 2,433,614**	**$ -**	**$ -**	**$ 2,433,614**
Personnel and related:				
Salaries	1,070,016	604,731	1,040,281	2,715,028
Temporary help	-	16,461	715	17,176
Employee benefits	272,545	229,118	324,319	825,982
Total personnel and related	**1,342,561**	**850,310**	**1,365,315**	**3,558,186**
Other expenses:				
Accounting fees	-	56,235	-	56,235
Contributed nonfinancial assets	107,075	-	-	107,075
Depreciation	55,552	98,354	22,075	175,981
Dues, subscriptions and publications	5,001	26,575	53,759	85,335
Equipment - repairs and rental	5,979	6,439	10,119	22,537
Equipment, hardware and software	44,270	34,220	31,043	109,533
Insurance	52,043	71,134	51,561	174,738
Legal fees	2,345	2,386	3,538	8,269
Meetings, travel and staff development	42,799	12,270	5,353	60,422
Miscellaneous and other	20,979	30,658	68,742	120,379
Occupancy	194,778	112,721	74,392	381,891
Other professional fees	1,792,020	196,038	129,113	2,117,171
Postage and shipping	1,088	2,848	4,363	8,299
Promotions	38,046	2,007	99,545	139,598
Supplies, printing and production	333,571	2,724	28,517	364,812
Telephone and internet	9,020	9,088	13,922	32,030
United Way Worldwide dues/support	32,094	34,562	54,312	120,968
Volunteer and agency development	520	1,058	11	1,589
Total other expenses	**2,737,180**	**699,317**	**650,365**	**4,086,862**
Total expenses	**$ 6,513,355**	**$ 1,549,627**	**$ 2,015,680**	**$ 10,078,662**

UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

Cash Flows from Operating Activities:	
Change in net assets	$ 2,988,181
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	175,981
Net loss on sale of property and equipment	42,929
Net gain on investments	(628,092)
Donated stock	(92,471)
Changes in operating assets and liabilities:	
Contributions and grants receivable	(342,063)
Accounts receivable	(337,971)
Government grant receivable	(521,009)
Prepaid expenses and other assets	(107,037)
Accounts payable and accrued expenses	939,774
Agency program support payable	(1,216,593)
Campaign designations payable	(156,998)
Grants payable	(1,460,587)
Defined benefit plan pension payable	(617,890)
Net cash used by operating activities	**(1,333,846)**
Cash Flows from Investing Activities:	
Purchase of property and equipment	(156,000)
Proceeds from sale of investments	3,645,936
Purchase of investments	(3,519,717)
Net cash used by investing activities	**(29,781)**
Cash Flows from Financing Activities:	
Payments on line of credit	(499,549)
Net cash used by financing activities	**(499,549)**
Net Decrease in Cash and Cash Equivalents	**(1,863,176)**
Cash and Cash Equivalents, beginning of year	**3,810,566**
Cash and Cash Equivalents, end of year	**$ 1,947,390**
Supplemental Data:	
Cash paid for interest	$ 14,293

1. Nature of Operations

United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut (the Organization) is a not-for-profit organization committed to addressing community conditions in 52 towns across central and northeastern Connecticut since 1924. The Organization's mission is to engage and bring together people and resources committed to the well-being of children and families in the community. The Organization's vision is community where opportunities are available for every child to succeed in school and for every family to achieve financial security. The Organization also connects individuals and families with immediate emergency assistance such as food and shelter.

Through its annual community-wide campaign and other giving options, the Organization provides the opportunity for people in the community to support the causes and not-for-profit organizations important to them.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Pronouncement Adopted
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which was later delayed to be effective for annual periods beginning after December 15, 2021. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. Effective July 1, 2022, the Organization adopted ASU 2016-02. The adoption of ASU 2016-02 did not have a significant effect on the Organization's financial statements.

Basis of Presentation
The Organization prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net Assets without Donor Restrictions
Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

Net Assets with Donor Restrictions
Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents
The Organization considers all cash balances and highly liquid investments with original maturities of three months or less to be cash and cash equivalents, except those funds which the Board has designated for investment.

Contributions and Grants Receivable
Contributions and grants receivable are recognized in the period the contribution, grant or promise to give is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met. If material, receivables with amounts due beyond one year are discounted to their net present value using the interest rate for treasury bills with a remaining term equal to future receipts. At June 30, 2023 and 2022, all contributions and grants receivable were due within one year.

When considered necessary, an allowance is recorded based on management's estimate of collectability, including such factors as prior collection history, type of contribution, and the nature of the fundraising activity. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for doubtful accounts. At June 30, 2023 and 2022, the Organization had no allowance for uncollectible contributions and grants receivable.

Accounts Receivable
The Organization carries its accounts receivable at net realizable value. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past bad debt expense and collections and current credit conditions.

The Organization does not accrue interest on its accounts receivable. A receivable is considered past due if payment has not been received within stated terms. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for doubtful accounts. At year-end, the Organization did not have an allowance for doubtful accounts.

Government Grant Receivable

The Society has recorded a receivable from the U.S. Government for the Employee Retention Credit (ERC) it expects to receive. The ERC, provided under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides eligible employers with a refundable payroll tax credit for qualified wages paid to retained full-time employees between March 13, 2020 and September 30, 2021. An ERC of $804,655 has been recorded as government grant receivable as of June 30, 2022. Government grant receivable at June 30, 2021 was $873,395.

Property and Equipment

All expenditures for property and equipment in excess of $2,500 are capitalized at cost; the fair value of donated assets is similarly recorded. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from three to thirty-one years.

Investments and Fair Value Measurements

The Organization reports its investments 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
>
> Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.
>
> Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization reports investments at fair value on a recurring basis. These investments are classified as level 1 and 3 within the fair value hierarchy.

> Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date. In the absence of recorded sales, Level 1 investments are valued at the last quoted bid price reported as of the financial statement reporting date.
>
> Level 3 investment values are provided by the trustee, who develops their valuations using the third-party monthly investment broker's statements. Due to the inaccessibility of these broker statements, as well as the Organization's lack of control over the investing activities, the funds held in the trust are considered unobservable market inputs in accordance with authoritative guidance.

Certain investments are valued at net asset value (NAV), which is used as a practical expedient to estimate fair value.

Realized and unrealized gains and losses are included in net investment return in the statement of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends and interest are recorded as received, which does not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date.

Support and Revenue Recognition

Campaign Revenue, Contribution and Grant Income - The Organization recognizes contributions in the fiscal year in which the contribution is made. Contributions are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. However, it is also the policy of the Organization to show net assets with donor restrictions that are both received and fully expended in the same fiscal year directly in net assets without donor restrictions.

The Organization recognizes cost-reimbursement grant income as grant expenditures are incurred. The Organization recognizes other grant income when contractual obligations have been met.

Contributed Nonfinancial Assets - Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Income Taxes

The Organization is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization operates in a manner consistent with its tax-exempt status at both the state and federal levels.

The Organization annually files IRS Form 990 - *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for a period of three years after they were filed. The Organization currently has no tax examinations in progress.

Estimates and Assumptions

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization’s operating costs have been allocated between program expenses, general and administrative, and fundraising based on direct identification when possible, and allocation if an expenditure benefits more than one program or function. Expenditures that require allocation include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, benefits, professional fees and contractual services, supplies, telephone, and interest, which are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through April 18, 2024, which is the date these financial statements were available to be issued.

3. Prior Period Adjustments

During the year ended June 30, 2023, management reviewed the Organization’s three charitable remainder trust agreements and determined that since the trustees have variance power over the funds an asset should not have been recorded in the Organization’s financial statements for these agreements. Accordingly, the Organization recorded an adjustment to decrease net assets with donor restrictions and investments held by others by $7,122,131 as of July 1, 2022. Had this error not been made, the change in net assets for the year ended June 30, 2022 would have decreased by $1,650,855.

During the year ended June 30, 2023, management reviewed the Organization's net assets with donor restrictions and determined that various funds were also reported as payables as of July 1, 2022. Based on management's review, net assets without donor restrictions were understated by $650,974. Accordingly, the Organization recorded an adjustment to increase net assets without donor restrictions by $650,974 as of July 1, 2022.

These adjustments resulted in a net decrease to the Organization's total net assets of $6,471,157 as of July 1, 2022.

During the year ended June 30, 2023, management reviewed the Organization's endowment funds and determined that net assets restricted in perpetuity were overstated by $7,501 and net assets subject to spending policy and appropriations were understated by $418,788. Accordingly, the Organization reclassified $411,287 from net assets without donor restrictions to net assets with donor restrictions as of July 1, 2022. This reclassification had no effect on the Organization's total net assets as of June 30, 2023.

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$	1,947,390
Contributions and grants receivable, net		1,745,160
Accounts receivable		653,514
Government grant receivable		521,009
Total financial assets available within one year		4,867,073
Less:		
Amounts unavailable for general expenditure within one year:		
Subject to donor purpose restrictions		216,777
Total financial assets available for general expenditure within one year	$	4,650,296

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the Organization has a revolving line of credit with a local bank for $1,500,000 (Note 8). In addition, the Board, at its discretion, could expend from its board-designated endowment funds of $10,456,509 at June 30, 2023 (Note 9), in the event of an emergency.

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5. Property and Equipment and Subsequent Event

Land and improvements	$	180,224
Buildings and improvements		3,291,180
Furniture and equipment		1,148,691
		4,620,095
Less: accumulated depreciation		(4,029,163)
Total property and equipment	$	590,932

During the year ended June 30, 2023, the Organization disposed of property and equipment with an original cost of $108,620 and accumulated depreciation of $65,691, resulting in a loss on disposal of property and equipment of $42,929.

Subsequent to year end, the Organization started negotiations to sell its building, with a leaseback for a three-month period and an option to lease for an additional three months.

6. Investments

Investments are presented in the financial statements at their aggregate fair value and consist of the following:

	Level 1	Level 3	NAV (a)	Total
Money market mutual funds	$ 20,407	$ -	$ -	$ 20,407
Exchange traded funds	1,008,207	-	-	1,008,207
Fixed income securities:				
Corporate bonds	8,796,661	-	-	8,796,661
Mutual funds	5,621,468	-	-	5,621,468
	14,418,129	-	-	14,418,129
Morgan Stanley pooled investments	-	46,480	-	46,480
Alternative investments	-	-	1,003,519	1,003,519
Total investments	$ 15,446,743	$ 46,480	$ 1,003,519	$ 16,496,742

The pooled investments have a daily redemption frequency and no redemption period.

(a) In accordance with Subtopic 820-10, certain financial instruments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

A reconciliation of investments measured at fair value using significant unobservable inputs (Level 3) is as follows:

Description	Level 3
Beginning balance, at July 1, 2022	$ 37,058
Net change	9,422
Ending balance, at June 30, 2023	$ 46,480

Beneficial Interest in Perpetual Trusts

The Organization holds an irrevocable beneficial interest in three charitable remainder trusts administered by a third-party trustee. Under the terms of the trust agreements, the Organization has the irrevocable right to receive the income earned by these trusts. In accordance with the trust agreements, the distributions received by the Organization from these trusts are available for current operations. During the year ended June 30, 2023, the Organization received a distribution of trust income in the amount of $335,959, which is included in investment return in the accompanying statement of activities.

7. Endowment

Donor-restricted Endowment

The Organization's donor-restricted endowment consists of individual funds established at the request of the donors for specific purposes.

Interpretation of Relevant Law

The Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) requires 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. As a result, the Organization classifies as net assets with donor restrictions (a) the original value of the gift 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 donor's gift instrument.

The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Organization considers the long and short-term needs of the Organization in carrying out its mission, the Organization's present and anticipated financial requirements, expected total returns on the Organization's investments, and general economic conditions in making a determination to appropriate or accumulate donor-restricted endowment funds.

Changes in endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year, as previously stated	$ 14,623,519	$ 1,241,821	$ 15,865,340
Prior period adjustment	(4,162,729)	411,287	(3,751,442)
Endowment net assets, beinning of year, as restated	10,460,790	1,653,108	12,113,898
Investment return, net	814,041	128,642	942,683
Appropriations	(818,322)	(129,368)	(947,690)
Endowment net assets, end of year	$ 10,456,509	$ 1,652,382	$ 12,108,891

Funds with Deficiencies
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 CTUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such funds with deficiencies as of June 30, 2023.

Return Objective and Risk Parameters
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board designated funds. Given the relationship between risk and return, a fundamental step in determining the investment policy for endowment funds is the determination of an appropriate risk tolerance.

After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the endowment funds over the long term and capital market volatility, the Board believes a moderate risk strategy is prudent. Under this policy, as approved by the Board, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate of return objectives, the Organization 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). The Organization targets a diversified asset allocation to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy
The Organization has a policy of appropriating for distribution up to 5% of its endowment fund's average fair value over the prior 20-quarter trailing average preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow and is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

8. Line of Credit

On August 18, 2014, the Organization entered into a revolving line of credit agreement with a financial institution in the amount of $1,500,000 to be used as needed for general corporate purposes. The line expired in February 2024; however, the Organization obtained a 90-day extension through May 2024. The Organization is currently in negotiations to amend the line of credit agreement. There was no outstanding balance on the line of credit as of June 30, 2023.

9. Net Assets

Net assets consist of the following:

Net Assets without Donor Restrictions	
Available for operations	$ 2,740,089
Invested in property and equipment	590,932
Board-designated for community investment	2,006,750
Board-designated for endowment	10,456,509
Total net assets without donor restrictions	15,794,280
Net Assets with Donor Restrictions:	
Subject to expenditure for specified purpose:	
Windham regional service area	60,122
Enfield regional service area	8,928
New Britain regional service area	9,148
Increase equitable economic, education and workplace opportunities	138,579
	216,777
Subject to spending policy and appropriations:	
General operations	418,062
Subject to restriction in perpetuity:	
General operations	1,234,320
	1,234,320
Total net assets with donor restrictions	1,869,159
Total net assets	$ 17,663,439

10. Contributed Nonfinancial Assets

The Organization actively solicits and receives support from the community and local businesses in the form of contributed goods and services related to its efforts in responding to local needs, fundraising and administrative functions.

The approximate fair value of contributed nonfinancial assets for the year ended June 30, 2023,which was recorded in the accompanying statement of activities, is as follows:

Donated baby formula	$ 84,000
Donated hygiene kits	23,000
Donated books	1,873
Total net assets	$ 108,873

The Organization records the value of contributed nonfinancial assets at fair value at the date of the donation based on values determined by the donor.

11. Pension Plans and Subsequent Event

Defined Benefit Pension Plan

The Organization 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 the Organization'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 following tables set forth the Organization’s defined benefit pension plan’s obligations, funded status and amounts recognized in the Organization’s financial statements as of June 30, 2023.

Accumulated benefit obligation	$ 3,815,387

Change in benefit obligation:	
Benefit obligation at beginning of year	$ 3,997,917
Interest cost	144,317
Benefits paid	(95,922)
Actuarial loss	(230,925)
Benefit obligation at end of year	$ 3,815,387

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Change in plan assets:

Fair value of plan assets at beginning of year	$ 2,684,999
Actual gain on plan assets	331,286
Employer contributions	200,000
Benefits paid	(95,922)
Fair value of plan assets at end of year	3,120,363
Funded status at end of year	$ (695,024)

Amounts recognized in the statement of financial position consist of:

Non-current liability	$ 695,024

The following table sets forth the components of net periodic pension cost and other changes in plan assets and benefit obligation for the year ended June 30, 2023:

Interest cost	$ 144,317
Expected return on plan assets	(120,866)
Amortization of net loss	50,460
Net periodic pension cost	$ 73,911

Other Changes in Plan Assets and Benefit Obligation:

Net gain	$ 491,805

The weighted-average assumptions used to determine the benefit obligations and the net periodic benefit cost for the year ended June 30, 2023 are as follows:

Weighted average assumptions as of year end	
Discount rate for funded status	4.90%
Discount rate for net periodic benefit cost	4.45%
Expected long-term rate of return on plan assets	6.00%

The average future years of service is 14.58 for the year ended June 30, 2023.

The Organization's pension plan assets were invested in the following classes of securities, whose fair value is determined by utilizing quoted prices in active markets for identical assets (level 1)

Plan Asset Allocation	
Cash and Cash Equivalents	1%
Mutual Funds	99%
	100%

The Organization sets investment guidelines with the assistance of investment professionals. These guidelines are established based 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, the Organization 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.
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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.

The following approximate pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid through the utilization of plan assets during future years:

Year Ending	
June 30, 2024	$ 182,000
June 30, 2025	261,000
June 30, 2026	126,000
June 30, 2027	176,000
June 30, 2028	84,000
June 30, 2029 - June 30, 2033	754,000
	$ 1,583,000

Effective in January 2024, the Board voted to terminate the Defined Benefit Plan and the Organization is in the process of liquidating the Plan.

403(b) Thrift Pension Plan

The Organization also 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.

The Organization 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. The Organization's contributions during the year ended June 30, 2023 were approximately $88,700.

12. Commitments

The Organization leases office equipment under various operating leases expiring through July 2028. Rent expense under these leases for the year ended June 30, 2023 totaled approximately $10,000 and is included in office expenses on the accompanying statement of functional expenses. Since the lease payments are not considered material, authoritative guidance relating to lease accounting has not been applied.

At June 30, 2023, approximate future minimum lease payments are as follows:

Year Ending	
June 30, 2024	$ 17,500
June 30, 2025	16,300
June 30, 2026	13,300
June 30, 2027	9,000
June 30, 2028	7,500
Thereafter	600
Total	$ 64,200

13. Concentrations of Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consists primarily of cash and cash equivalents and investments.

The Organization maintains cash and cash equivalents in one financial institution. The balance at the institution is insured by the Federal Deposit Insurance Corporation up to $250,000. At year-end, the uninsured portion was approximately $1,846,000. The Organization monitors its exposure with regard to cash and cash equivalents and has not experienced any losses on its account.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements. The Organization has a diversified portfolio for all of its investments and retains an investment advisor to attain a prudent level of diversification in an attempt to minimize potential risk associated with investment securities to the extent possible.