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

Financial Statements
and Supplementary Information

Year Ended June 30, 2024

(With Independent Auditors' Report Thereon)

Kahn, Litwin, Renza & Co., Ltd.
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KLR

Certified Public Accountants
and Business Consultants

UNITED WAY, INC. D/B/A
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FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

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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, 2024 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, 2024 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.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Kahn, Litwin, Renza & Co., Ltd.

March 3, 2025

UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
STATEMENT OF FINANCIAL POSITION
June 30, 2024

Assets		
Current Assets:		
Cash and cash equivalents	$	2,812,255
Contributions and grants receivable, net		1,931,005
Accounts receivable		406,694
Prepaid expenses and other assets		286,643
Total current assets		**5,436,597**
Property and Equipment, net		161,977
Investments		16,267,152
Total Assets	**$**	**21,865,726**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$	622,371
Agency program support payable		202,243
Campaign designations payable		254,332
Deferred revenue		1,430,492
Total liabilities		**2,509,438**
Net Assets:		
Without donor restrictions		17,458,168
With donor restrictions		1,898,120
Total Net Assets		**19,356,288**
Total Liabilities and Net Assets	**$**	**21,865,726**

UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

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Change in Net Assets without Donor Restrictions:	
Support and revenue:	
Campaign revenue:	
Campaign pledges generated	$ 6,931,251
United Way campaigns, net of donor designations	15,042
Less provision for uncollectible contributions	(94,102)
Less amounts designated by donors	(931,658)
Campaign revenue, net	**5,920,533**
Contributions and grant income	2,486,781
Other income	603,339
Gain on pension termination	652,423
Gain on sale of property	1,171,000
Investment return, net	1,723,958
Net assets released from restrictions	253,479
Total support and revenue without donor restrictions	**12,811,513**
Expenses:	
Program services	7,248,716
Management and general	1,622,262
Fundraising	2,276,647
Total expenses	**11,147,625**
Change in net assets without donor restrictions	**1,663,888**
Change in Net Assets with Donor Restrictions:	
Campaign and contribution income	125,804
Investment return, net	156,636
Net assets released from restrictions	(253,479)
Change in net assets with donor restrictions	**28,961**
Change in Net Assets	**1,692,849**
Net Assets, beginning of year	**17,663,439**
Net Assets, end of year	**$ 19,356,288**

See accompanying notes to the financial statements and independent auditors' report.

UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

Cash Flows from Operating Activities:	
Change in net assets	$ 1,692,849
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	145,187
Gain on sale of property	(1,171,000)
Net gain on investments	(736,905)
Changes in operating assets and liabilities:	
Contributions and grants receivable	(185,845)
Accounts receivable	246,820
Government grant receivable	521,009
Prepaid expenses and other assets	(109,403)
Accounts payable and accrued expenses	(254,274)
Agency program support payable	(1,346,664)
Campaign designations payable	(62,982)
Deferred revenue	399,834
Defined benefit plan pension payable	(695,024)
Net cash used by operating activities	**(1,556,398)**
Cash Flows from Investing Activities:	
Purchase of property and equipment	(45,232)
Proceeds from sale of property and equipment	1,500,000
Proceeds from sale of investments	3,089,721
Purchase of investments	(2,123,226)
Net cash provided by investing activities	**2,421,263**
Net Increase in Cash and Cash Equivalents	**864,865**
Cash and Cash Equivalents, beginning of year	**1,947,390**
Cash and Cash Equivalents, end of year	**$ 2,812,255**

UNITED WAY, INC. D/B/A
UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Program grants and awards	**$ 2,758,650**	**$ -**	**$ -**	**$ 2,758,650**
Personnel and related:				
Salaries	1,419,100	676,699	1,109,586	3,205,385
Employee benefits	669,137	319,079	523,195	1,511,411
Total personnel and related	**2,088,237**	**995,778**	**1,632,781**	**4,716,796**
Other expenses:				
Accounting fees	-	67,150	-	67,150
Depreciation	81,186	40,947	23,054	145,187
Dues, subscriptions and publications	4,130	15,828	24,766	44,724
Equipment - repairs and rental	5,936	6,621	10,274	22,830
Equipment, hardware and software	104,027	78,655	71,043	253,725
Insurance	39,375	28,067	30,025	97,467
Legal fees	10,730	11,113	16,478	38,322
Meetings, travel and staff development	36,876	20,847	16,920	74,643
Miscellaneous and other	82,118	1,665	1,758	85,541
Occupancy	195,316	120,211	77,459	392,986
Other professional fees	1,667,450	140,076	161,545	1,969,071
Postage and shipping	4,345	1,992	2,716	9,053
Promotions	12,000	10,178	90,613	112,791
Supplies, printing and production	125,071	57,324	78,170	260,565
Telephone and internet	15,888	7,282	9,930	33,099
United Way Worldwide dues/support	17,206	18,528	29,116	64,850
Volunteer and agency development	175	-	-	175
Total other expenses	**2,401,829**	**626,484**	**643,866**	**3,672,179**
Total expenses	**$ 7,248,716**	**$ 1,622,262**	**$ 2,276,647**	**$ 11,147,625**

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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 is dedicated to ending poverty in all its forms by reducing disparities in child literacy, wages, life expectancy and housing.

The Organization leverages public and private partnerships to close gaps and create opportunities in central and northeastern Connecticut; and raises funds to support its mission through philanthropy, workplace giving, grants and special events.

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.

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 when 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 that of expected future receipts. At June 30, 2024, all contributions and grants receivable were due within one year.

When considered necessary, an allowance is recorded based on management's estimate of collectibility, 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. At June 30, 2024, the Organization had an allowance for uncollectible contributions and grants receivable totaling approximately $172,600.

Accounts Receivable
The Organization carries its accounts receivable at net realizable value. On a periodic basis, the Organization evaluates its receivables and establishes an allowance for credit losses, based on historical experience, current credit conditions and reasonable and supportable forecasts.

The Organization does not accrue interest on 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 credit losses. At June 30, 2024, the Organization determined an allowance for credit losses was not necessary as all receivables were considered collectible.

Property and Equipment
All expenditures for property and equipment in excess of $5,000 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 levels 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.

Deferred Revenue
Advanced funds are recorded in the accounting records by the Organization as deferred revenue until such time as the Organization incurs expenditures related to the specific program for which the funds have been received. Deferred revenue at June 30, 2023 was $1,030,658.

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.

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 March 3, 2025, which is the date these financial statements were available to be issued.

3. 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:

Current Financial Assets:	
Cash and cash equivalents	$ 2,812,255
Contributions and grants receivable, net	1,931,005
Accounts receivable	406,694
Current financial assets, end of year	5,149,954
Less: financial assets unavailable for general expenditure within one year:	
Subject to exenditure for specific purposes	204,002
Financial assets available to meet general expenditures within one year	$ 4,945,952

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The Organization follows a policy to structure its financial assets to ensure they are available to meet general expenditures, liabilities and other obligations as they 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 6). Additionally, at the discretion of the Board, funds from the board-designated endowment are available for expenditure in the case of an emergency. As of June 30, 2024, the board-designated endowment amounted to $10,720,620 (Note 7).

4. Property and Equipment

Property and equipment consisted of the following**:**

Furniture and equipment	$ 1,041,757
Less accumulated depreciation	(879,780)
Property and equipment, net	$ 161,977

During the year ended June 30, 2024, the Organization sold its building and land with an original cost of $3,294,503 and accumulated depreciation of $2,976,596, resulting in a gain of $1,171,000 on the sale.

5. 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
Cash and cash equivalents	$ 20,154	$ -	$ -	$ 20,154
Exchange traded funds	650,917	-	-	650,917
Fixed income mutual funds	8,982,079	-	-	8,982,079
Equity mutual funds	5,415,958	-	-	5,415,958
Morgan Stanley pooled investments	-	49,008	-	49,008
Alternative investments	-	-	1,149,036	1,149,036
Total investments	$ 15,069,108	$ 49,008	$ 1,149,036	$ 16,267,152

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:

Beginning balance	$	46,480
Net change		2,528
Ending balance	$	49,008

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. Since the trustee has variance power over the trusts, no asset has been recorded for this beneficial interest in the accompanying financial statements. During the year ended June 30, 2024, the Organization received a distribution of trust income in the amount of $287,070, which is included in investment return in the accompanying statement of activities.

6. Line of Credit

The Organization maintains 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 is set to expire May 7, 2026. As of June 30, 2024, there was no outstanding balance under this line of credit.

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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 deciding 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	$ 10,456,509	$ 1,652,382	$ 12,108,891
Investment return, net	991,211	156,636	1,147,847
Appropriations	(727,100)	(114,900)	(842,000)
Endowment net assets, end of year	$ 10,720,620	$ 1,694,118	$ 12,414,738

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, 2024.

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 distributions 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 returns.

8. Net Assets

Net assets consist of the following:

Net Assets without Donor Restrictions:	
Available for operations	$ 6,575,571
Invested in property and equipment	161,977
Board-designated for endowment	10,720,620
Total net assets without donor restrictions	17,458,168
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	9,952
Increase equitable economic, education and workplace opportunities	125,000
	204,002
Subject to spending policy and appropriations:	
General operations	459,798
Subject to restriction in perpetuity:	
General operations	1,234,320
Total net assets with donor restrictions	1,898,120
Total net assets	$ 19,356,288

9. Pension Plans

Defined Benefit Pension Plan

The Organization maintained a defined pension plan (the Plan) that covered substantially all employees at least 21 years of age and had one year of service.

On 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.

In January 2024, the Board of Directors voted to terminate the Plan, effective March 31, 2024. Following the termination of the Plan, all accrued benefits were paid out to participants in June 2024. As a result, a settlement expense of $455,423 was recognized, reflecting the full payout of benefits owed to participants.

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, 2024 were approximately $96,600.

10. 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, 2024 totaled approximately $11,000. These expenses are 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.

Subsequent to year end, on December 19, 2024, the Organization entered into a lease agreement with The Hartford Steam Boiler Inspection and Insurance Company for 10,150 square feet on the 17th floor of One Street, Hartford, Connecticut.

At June 30, 2024, approximate future minimum lease payments are as follows:

Year Ending		
June 30, 2025	$	16,300
June 30, 2026		13,300
June 30, 2027		9,000
June 30, 2028		7,500
June 30, 2029		600
Total	$	46,700

Sale-leaseback

In June 2024, the Organization sold a property located at 30 Laurel Street, Hartford, Connecticut, and simultaneously entered into a sale-leaseback arrangement, leasing the property back from the purchaser. The sale resulted in a gain of approximately $1,171,000. The lease agreement is for a short-term period of three months, with an option to extend the lease for up to three additional months. Monthly lease payments of $25,000 are due on the first day of each calendar month. The Organization has exercised the option to extend the lease, which is now set to continue until December 7, 2024.

11. Concentrations of Risk

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

The Organization maintains its 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 June 30, 2024, the uninsured portion was approximately $2,622,600. The Organization monitors its exposure with regard to cash and cash equivalents and has not experienced any losses on its account.

As of June 30, 2024, approximately $1,478,000, or 70%, of the Organization's contributions and grants receivable was due from four grantors. As of June 30, 2024, approximately $313,800, or 77%, of the Organization's accounts receivable was from two donors. At year-end, management believes the credit risk associated with receivables is minimal.

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.

12. Subsequent Event

Subsequent to year-end, the federal government announced a temporary freeze on certain federal grants and loans due to ongoing budgetary reviews and legal challenges. This freeze could significantly affect the Organization’s ability to secure federal funding. As a result, management is assessing the potential financial and operational impacts of this freeze. While the full extent of the impact remains uncertain, the Organization may need to adjust its operations to mitigate any negative consequences. Management will continue to monitor the situation closely and take appropriate actions as necessary, in response to any changes or resolutions in the federal funding landscape.

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

Reports Required by
Government Auditing Standards -
Title 2 U.S. *Code of Federal Regulations*
Part 200 – *Uniform Administrative*
Requirements, Cost Principles,
and Audit Requirements for Federal Awards

Year Ended June 30, 2024

UNITED WAY OF CENTRAL AND NORTHEASTERN CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Award Number/ Pass-through	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Treasury:				
Passed through the State of Connecticut Department of Economic and Community Development				
Coronavirus State and Local Fiscal Recovery Funds	21.027	FY23-ARPA-00103	$ 80,678	$ -
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	50,000	-
Total U.S. Department of Treasury			**130,678**	**-**
U.S. Department of Education:				
Passed through the Connecticut Children's Medical Center				
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	84.215N	S215N210037	515,824	-
Total U.S. Department of Education			**515,824**	**-**
U.S. Department of Health and Human Services:				
Passed through the State of Connecticut Department of Public Health				
Community Programs to Improve Minority Health	93.137	MP-CPI-20-005 /302	64,957	-
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185	NH23IP922653	76,500	-
Congressional Directives	93.493	90XP0607-01-00	13,972	-
Total U.S. Department of Health and Human Services			**155,429**	**-**
U.S. Department of Homeland Security:				
Passed through the State of Connecticut				
Emergency Food and Shelter National Board Program	97.024	143800-042	8,442	-
Total U.S. Department of Homeland Security			**8,442**	**-**
Total Expenditures of Federal Awards			**$ 810,373**	**$ -**

See accompanying notes to the schedule of expenditures of federal awards and independent auditors' report.

KLR

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of United Way of Central and Northeastern Connecticut (the Organization) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

For cost-reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

3. Indirect Cost Rate

The Organization does not have a federally approved negotiated indirect cost rate agreement and, therefore, is subject to the 10-percent de minimis indirect cost rate under the Uniform Guidance.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
United Way of Central and Northeastern Connecticut:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central and Northeastern Connecticut (a not-for-profit organization) (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

KLR

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kahn, Litwin, Renza & Co., Ltd.

March 3, 2025

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KLR

Certified Public Accountants
and Business Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
United Way of Central and Northeastern Connecticut:

Report on Compliance for Major Federal Programs

Opinion on the Major Federal Program

We have audited United Way of Central and Northeastern Connecticut's (a not-for-profit organization) (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2024. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code *of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error as fraud may involve collusion, forgery, intention, omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kahn, Litwin, Renza & Co., Ltd.

March 3, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	*Unmodified*	
Internal control over financial reporting:		
• Material weaknesses identified?	____ Yes	X No
• Significant deficiencies identified?	____ Yes	X None reported
• Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards:

Internal control over major programs:		
• Material weaknesses identified?	____ Yes	X No
• Significant deficiencies identified?	____ Yes	X None reported
Type of auditors' report issued on compliance for major federal programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	____ Yes	X No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Programs
84.215N	Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee	____ Yes	X No

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SECTION II – FINANCIAL STATEMENT FINDINGS

None Noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted.