

**United Way of Greater New Haven, Inc.**

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

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

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# United Way of Greater New Haven, Inc.

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## Independent Auditor's Report

To the Board of Directors  
United Way Of Greater New Haven, Inc.

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of United Way Of Greater New Haven, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way Of Greater New Haven, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way Of Greater New Haven, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 United Way Of Greater New Haven, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way Of Greater New Haven, Inc.'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.

### *Other Matters*

#### *Report on Summarized Comparative Information*

We have previously audited United Way of Greater New Haven, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of United Way of Greater New Haven, Inc.'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 solely 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 the effectiveness of United Way of Greater New Haven, Inc.'s 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 United Way of Greater New Haven, Inc.'s internal control over financial reporting and compliance.



Hartford, Connecticut  
December 15, 2022

**United Way of Greater New Haven, Inc.**

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

	<u>Assets</u>		
		<u>2022</u>	<u>2021</u>
Assets			
Cash and cash equivalents	\$	3,065,805	\$ 3,673,899
Campaign pledges receivable, net		1,120,742	701,490
Other receivables		3,727	-
Grants receivable		900,118	389,297
Other assets		50,440	58,007
Investments		1,923,637	1,458,967
Property and equipment, net		30,035	40,951
		<u>7,094,504</u>	<u>6,322,611</u>
Total assets	\$	<u>7,094,504</u>	<u>\$ 6,322,611</u>
	<u>Liabilities and Net Assets</u>		
Liabilities			
Accounts payable	\$	727,635	\$ 371,010
Donor-directed gifts payable		608,588	492,994
Accrued expenses and other liabilities		259,644	283,311
Refundable advance - grants		688,587	534,481
Refundable advance - PPP loan		-	296,415
		<u>2,284,454</u>	<u>1,978,211</u>
Total liabilities		<u>2,284,454</u>	<u>1,978,211</u>
Net assets			
Without donor restrictions			
Unrestricted		1,930,385	2,109,197
Board designated		1,832,000	1,582,000
Property and equipment		30,035	40,951
With donor restrictions		1,017,630	612,252
		<u>4,810,050</u>	<u>4,344,400</u>
Total net assets		<u>4,810,050</u>	<u>4,344,400</u>
Total liabilities and net assets	\$	<u>7,094,504</u>	<u>\$ 6,322,611</u>

See Notes to Financial Statements.

**United Way of Greater New Haven, Inc.**

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

	Without donor restrictions	With donor restrictions	2022 Total	2021 Total
<b>Public support and revenue</b>				
Campaign amounts raised	\$ 3,700,641	\$ 622,546	\$ 4,323,187	\$ 4,354,699
Less				
Uncollectible pledges	(123,995)	-	(123,995)	(240,313)
Amounts designated by donors	(1,117,052)	-	(1,117,052)	(676,980)
Net assets released from restrictions	219,143	(219,143)	-	-
Campaign revenue, net	2,678,737	403,403	3,082,140	3,437,406
<b>Other revenue</b>				
Gifts, bequests, grants and other	478,655	-	478,655	1,336,184
Government grants	6,098,897	-	6,098,897	3,563,471
Investment income, net of fees of \$9,445	22,497	1,975	24,472	21,225
Realized gain on sale of investments	80,335	-	80,335	40,024
Administrative fees	23,396	-	23,396	42,852
Miscellaneous income	1,196	-	1,196	919
Total other revenue	6,704,976	1,975	6,706,951	5,004,675
Total public support and revenue	9,383,713	405,378	9,789,091	8,442,081
<b>Functional expenses</b>				
Community Impact and program services				
Community support and gross funds distributed	7,482,516	-	7,482,516	5,666,052
Less amounts designated by donors	(1,117,052)	-	(1,117,052)	(676,980)
Community Impact (program support)	6,365,464	-	6,365,464	4,989,072
Program services	1,818,058	-	1,818,058	1,680,778
Total Community Impact and program services	8,183,522	-	8,183,522	6,669,850
Support services				
Fundraising	588,797	-	588,797	439,526
Management and general	500,291	-	500,291	560,635
Total support services	1,089,088	-	1,089,088	1,000,161
Total functional expenses	9,272,610	-	9,272,610	7,670,011
Operating income	111,103	405,378	516,481	772,070
<b>Nonoperating revenue and expenses</b>				
Unrealized gain (loss) on investments	(347,246)	-	(347,246)	238,759
Contribution - PPP loan forgiveness	296,415	-	296,415	-
Change in net assets	60,272	405,378	465,650	1,010,829
Net assets, beginning of year	3,732,148	612,252	4,344,400	3,333,571
Net assets, end of year	\$ 3,792,420	\$ 1,017,630	\$ 4,810,050	\$ 4,344,400

See Notes to Financial Statements.

**United Way of Greater New Haven, Inc.**

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

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Changes in net assets	\$ 465,650	\$ 1,010,829
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	10,916	12,415
Uncollectible pledges	123,995	240,313
Unrealized (gain) loss in investments	347,246	(238,759)
Realized gain on sale of investments	(80,335)	(40,024)
Contribution - PPP loan forgiveness	(296,415)	-
Changes in operating assets and liabilities		
Campaign pledges receivable	(543,247)	(224,494)
Other receivables	(3,727)	-
Grants receivable	(510,821)	(284,516)
Other assets	7,567	6,774
Accounts payable	356,625	61,215
Donor-directed gifts payable	115,594	(166,813)
Refundable advance - grants	154,106	270,503
Accrued expenses and other liabilities	<u>(23,667)</u>	<u>153,618</u>
Net cash provided by operating activities	<u>123,487</u>	<u>801,061</u>
Cash flows from investing activities		
Purchases of investments	(953,020)	(306,499)
Proceeds from sales of long-term investments	<u>221,439</u>	<u>251,935</u>
Net cash used in investing activities	<u>(731,581)</u>	<u>(54,564)</u>
Net change in cash and cash equivalents	(608,094)	746,497
Cash and cash equivalents, beginning	<u>3,673,899</u>	<u>2,927,402</u>
Cash and cash equivalents, end	<u>\$ 3,065,805</u>	<u>\$ 3,673,899</u>

See Notes to Financial Statements.



**United Way of Greater New Haven, Inc.**

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

	Community Impact and program services	Support services			2022 Total	2021 Total
		Fundraising	Management and general	Total support services		
Community investments						
Community support and gross funds distributed	\$ 7,482,516	\$ -	\$ -	\$ -	\$ 7,482,516	\$ 5,666,052
Less amounts designated by donors	(1,117,052)	-	-	-	(1,117,052)	(676,980)
Community Impact (program support)	6,365,464	-	-	-	6,365,464	4,989,072
Salaries and related benefits						
Salaries and wages	1,130,861	376,954	287,203	664,157	1,795,018	1,630,731
Employee benefits	176,813	28,477	23,086	51,563	228,376	220,296
Payroll taxes	108,334	20,076	13,050	33,126	141,460	112,294
Subtotal - salaries and related benefits	1,416,008	425,507	323,339	748,846	2,164,854	1,963,321
Other expenses						
Occupancy	110,683	36,928	28,067	64,995	175,678	200,498
Professional fees	11,016	12,013	59,708	71,721	82,737	124,137
Telephone	8,522	2,851	2,480	5,331	13,853	18,336
Supplies, printing and production	11,941	3,672	1,977	5,649	17,590	10,897
Postage and shipping	1,627	1,506	731	2,237	3,864	10,839
Printing and publication	56,772	16,253	17,624	33,877	90,649	31,777
Equipment rental and maintenance	96,669	36,584	28,098	64,682	161,351	101,967
Community engagement	12,758	2,143	7,337	9,480	22,238	10,066
Fees	591	24,211	6,258	30,469	31,060	28,938
Travel	352	282	131	413	765	82
Conferences and meetings	17,170	1,820	3,728	5,548	22,718	9,685
Membership - dues	64,549	21,535	15,408	36,943	101,492	120,840
Miscellaneous	2,519	1,172	3,690	4,862	7,381	37,141
Depreciation	6,881	2,320	1,715	4,035	10,916	12,415
Subtotal - other expenses	402,050	163,290	176,952	340,242	742,292	717,618
Total functional expenses	\$ 8,183,522	\$ 588,797	\$ 500,291	\$ 1,089,088	\$ 9,272,610	\$ 7,670,011

See Notes to Financial Statements.

## **United Way of Greater New Haven, Inc.**

### **Notes to Financial Statements June 30, 2022**

#### **Note 1 - Nature of operations**

United Way of Greater New Haven, Inc. ("United Way") is a not-for-profit organization incorporated in 1971 in the State of Connecticut and governed by a volunteer Board of Directors. The mission of United Way is to bring people and organizations together to create solutions to Greater New Haven's most pressing challenges in the areas of Education, Health, and Financial Stability, grounded in racial and social justice.

United Way's driving goal is to make Greater New Haven a place where all children are nurtured, all families are thriving, and all community members have opportunities to reach their full potential.

To accomplish this goal, United Way listens and learns to understand community needs and aspirations, develops community solutions, activates donors and volunteers, and serves our neighbors in need, with a particular focus on ending disparities based on race. United Way has been a presence in Greater New Haven for over 100 years.

United Way fundraising campaigns are conducted throughout the year to raise money and support for our community investment in health, education, and financial stability programs and initiatives. United Way receives a majority of its contributions in the greater New Haven region, and serves this region as well. This 12-town greater New Haven region includes Bethany, Branford, East Haven, Guilford, Hamden, Madison, New Haven, North Branford, North Haven, Orange, West Haven and Woodbridge.

The success of each year's campaign is dependent not only on the goodwill of this community, but is also influenced by the economic climate affecting major businesses and employee groups, among other factors. United Way's fundraising activities rely on a significant effort by community volunteers. Fundraising costs are expensed in the period incurred regardless of when related campaign contributions are recorded as earned.

In addition, United Way generates, manages, and distributes significant financial resources for the region through government and foundation grants. Funds raised support local programs and projects that demonstrate measurable results for the community.

More information about United Way's results for our community can be found at [www.uwgnh.org](http://www.uwgnh.org).

United Way of Greater New Haven is a member of United Way Worldwide ("UWW"). UWW is a national leadership organization for the United Way movement. Membership in UWW constitutes an affiliate relationship under the Internal Revenue Service ("IRS") definition of Federated Fundraising Agencies. The payment reported is a quota support payment to UWW for which this United Way receives, among other services, the right to use the national brand in charitable endeavors, national advocacy of issues, member education and training, centralized creation and support for marketing of fundraising campaigns, fostering relationships with national organizations that support multiple members, establishment and monitoring of compliance with standards of accountability by members, establishment of policies and processes that improve operational efficiencies among members, and promotion of concept of local community impact on a national scale. The UWW membership fees were \$96,879 for the year ended June 30, 2022.

Members of UWW have membership criteria to ensure that all members meet basic legal, financial and ethical standards to ensure consistent and transparent reporting among member United Ways. To remain a member in good standing, United Way certifies annually that it has met the basic criteria for membership to UWW.

**United Way of Greater New Haven, Inc.**

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

**Note 2 - Summary of significant accounting policies**

**Basis of presentation**

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

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

*Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions that may or will be met by actions of United Way and/or the passage of time and net assets subject to donor-imposed restrictions that they be maintained permanently by United Way. Generally, the donors of these assets permit United Way to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

*Board-designated net assets* - Net assets without donor restrictions set aside by the Board of Directors for community investment.

*Net assets without donor restrictions* - Net assets not subject to donor-imposed restrictions.

**Prior year summarized information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with United Way's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Revenue recognition**

***Contributions***

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

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

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

## **United Way of Greater New Haven, Inc.**

### **Notes to Financial Statements June 30, 2022**

#### ***Grant and contract services***

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

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and highly-liquid investments with an original maturity of three months or less when purchased. These investments are readily convertible to cash and are stated at fair value.

#### **Investments**

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

#### **Property and equipment**

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time.

#### **Endowment investment and spending policies**

United Way's endowment consists of one donor-restricted endowment fund established for specific purposes.

The Board of Directors has interpreted the State of Connecticut's Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment

## **United Way of Greater New Haven, Inc.**

### **Notes to Financial Statements June 30, 2022**

made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is donor restricted due to time or purpose until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by the CTUPMIFA.

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

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

United Way 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 United Way must hold in perpetuity.

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

Under United Way's spending rate policy, actual income received (interest) is deemed to be prudently expendable to support current operations. In establishing this policy, United Way considered the long-term expected return on its endowment to be maintained. United Way would not expend from a fund that is underwater. There are no underwater funds at June 30, 2022.

#### **Functional expenses**

Direct expenses are charged to each program benefited based on certain parameters, such as full-time equivalents and building square footage. Certain expenditures not directly chargeable are allocated among the programs.

#### **Income taxes**

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

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

## United Way of Greater New Haven, Inc.

### Notes to Financial Statements June 30, 2022

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

#### Use of estimates

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

#### Subsequent events

United Way has evaluated events and transactions for potential recognition or disclosure through December 15, 2022, which is the date the financial statements were available to be issued.

### Note 3 - Liquidity

United Way regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2022, United Way has approximately \$5 million of financial assets available to meet annual operating needs for the 2023 fiscal year as follows:

Cash and cash equivalents	\$ 3,065,805
Investments	1,923,637
Campaign pledges receivables	1,120,742
Grants and other receivables	<u>903,845</u>
Less	7,014,029
Endowment funds to be held in perpetuity	(50,664)
Endowment funds restricted to time and purpose	(6,285)
Donor designated gifts	(516,452)
Board designated	<u>(1,832,000)</u>
	<u>\$ 4,608,628</u>

These financial assets are not subject to any donor or contractual restrictions.

United Way supports its general operations primarily with contributions and grants. In addition, the Board may use funds previously designated for community investment.

To deal with unplanned cash requirements that might arise, United Way can draw on its \$1,000,000 line of credit.

**United Way of Greater New Haven, Inc.**

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

**Note 4 - Concentration of credit risk**

United Way maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. United Way has not experienced any losses in such accounts. United Way believes it is not exposed to any significant credit risk on cash and cash equivalents. The total uninsured cash balance at June 30, 2022 was approximately \$2,685,000.

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

**Note 5 - Pledges receivable and allowance for uncollectible pledges**

Pledges receivable, are expected to be collected during the following years, and the allowance for uncollectible pledges at June 30, 2022 are as follows:

<u>Campaign conducted</u>	<u>Campaign allocation year</u>	<u>Balance of pledges receivable</u>	<u>Allowance for uncollectible pledges</u>	<u>Unamortized discount</u>	<u>Net pledges receivable</u>
Fall 2022	2026	\$ 50,000	\$ -	\$ 5,228	\$ 44,772
Fall 2022	2025	50,000	-	3,549	46,451
Fall 2022	2024	50,000	-	1,807	48,193
Fall 2022	2023	270,000	-	-	270,000
Fall 2022	2022	818,368	107,042	-	711,326
Fall 2020	2021	142,990	142,990	-	-
Fall 2019	2020	262,971	262,971	-	-
Fall 2018	2019	210,443	210,443	-	-
Fall 2017	2018	94,879	94,879	-	-
		<u>\$ 1,949,651</u>	<u>\$ 818,325</u>	<u>\$ 10,584</u>	<u>\$ 1,120,742</u>

The unamortized discount is calculated at the United Way's incremental borrowing rate at June 30, 2022 the rate was 3.75%.

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

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

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

## United Way of Greater New Haven, Inc.

### Notes to Financial Statements June 30, 2022

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

#### **Note 6 - Donor-directed gifts**

Through United Way's Community Campaign, donors can direct their gifts to any qualified 501(c)(3) organization in the region that has been approved to receive designations through the United Way campaign. Generally, a 10% fee (including administrative and fundraising costs) per designated gift is deducted from donor-directed gifts.

Membership in UWW requires that local United Ways charge donors no more than the actual cost incurred to process and transfer their designated gifts. The formulas utilized to determine fundraising and administrative costs are based upon a current, three-year average of information taken from IRS Form 990. United Ways are permitted to charge less than this amount, so long as the amount of undesignated dollars used to subsidize this policy, if applicable, is knowingly undertaken by the local United Way's board.

In some cases, fundraising and administrative costs vary per campaign and by agreement with Federations. For donor-directed gifts received from other United Way campaigns, no additional fees are deducted.

Expenses incurred for the processing of these donor-directed gifts include, but are not limited to, the verification of 501(c)(3) status of designated agencies, internal review and analysis of agency materials submitted to apply to receive donor-directed gifts, maintenance of an agency database, recording of individual donor-directed gift data, the compilation of donor-directed gift information in reports, and notification of payments to be forwarded to recipient agencies. Donor-directed gift expenses (the costs incurred in processing/transferring donor-directed gifts) are similar to pledge processing and administrative costs and, therefore, do not qualify and are not reported as community investment and program services.

Donor-directed gifts of \$1,117,052 at June 30, 2022 are shown as a reduction in the amount reported as campaign amounts raised and community impact expenses in the statement of activities.

#### **Note 7 - Other assets**

Details of other assets at June 30, 2022 are as follows:

Charitable remainder unitrust	\$	34,813
Prepaid expenses		<u>15,627</u>
	\$	<u><u>50,440</u></u>

United Way is a 10% beneficiary of a charitable remainder unitrust ("CRUT"). On an annual basis, United Way revalues its interest in the CRUT based on actuarial assumptions. The present value of United Way's interest in the CRUT is calculated using a discount rate of 8.00% and applicable mortality tables.



**United Way of Greater New Haven, Inc.**

**Notes to Financial Statements  
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**Note 8 - Investments**

Investments at June 30, 2022 are summarized as follows:

	<u>Cost</u>	<u>Market value</u>	<u>Unrealized loss</u>
Mutual funds	<u>\$ 1,982,294</u>	<u>\$ 1,923,637</u>	<u>\$ (58,657)</u>

**Note 9 - Fair value measurements**

United Way values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

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

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

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

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

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

Assets measured at fair value on a recurring basis at June 30, 2022 are as follows:

<u>Description</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds				
Domestic equity	\$ 824,636	\$ 824,636	\$ -	\$ -
Fixed income	587,683	587,683	-	-
International	324,977	324,977	-	-
Alternatives	85,761	85,761	-	-
Market Neutral	100,580	100,580	-	-
Beneficial interest - charitable remainder unitrust	<u>34,813</u>	<u>-</u>	<u>-</u>	<u>34,813</u>
	<u>\$ 1,958,450</u>	<u>\$ 1,923,637</u>	<u>\$ -</u>	<u>\$ 34,813</u>

## United Way of Greater New Haven, Inc.

### Notes to Financial Statements June 30, 2022

Mutual funds (Level 1) are valued at the daily closing price as reported by the fund. Mutual funds are open-ended funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds are deemed to be actively traded.

Fair value for the beneficial interest - charitable remainder unitrust is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and an 8.0% discount rate (Level 3).

Changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

United Way's policy is to recognize transfers in and transfers out of each level as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between each level during the year ended June 30, 2022.

#### Note 10 - Property and equipment

Details of property and equipment at June 30, 2022 are as follows:

Equipment	\$ 20,424
Furniture and fixtures	<u>99,343</u>
	119,767
Less accumulated depreciation	<u>(89,732)</u>
	<u><u>\$ 30,035</u></u>

Depreciation expense for the year ended June 30, 2022 was \$10,916.

#### Note 11 - Line of credit

United Way has a \$1,000,000 line of credit available for its use. At June 30, 2022, the outstanding balance was \$0. The line is secured by a portion of United Way's cash equivalents and investments.

#### Note 12 - Employee benefits

United Way maintains a defined contribution pension plan covering all employees of the Organization upon hire, who have attained the age of 18. Employees become eligible to receive employer contributions immediately upon hire. The Organization's contribution to the plan was 3.5% of eligible payroll for the plan year. For the year ended June 30, 2022, pension plan contribution expense totaled \$65,025. The organization also has a discretionary match of eligible payroll of 1.5%, total expense for the year ended June 30, 2022 was \$22,650.

**United Way of Greater New Haven, Inc.**

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

**Note 13 - Net asset restrictions**

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

Net assets restricted in perpetuity	
General operations	\$ 45,064
Mittens, gloves and hats for underprivileged children	<u>5,600</u>
	50,664
Net assets restricted to time and purpose	
Endowment earnings	6,285
Split - interest agreement	34,813
Multi-year pledge receivables	409,416
Purpose restrictions	<u>516,452</u>
	<u><u>\$ 1,017,630</u></u>

Certain net assets have been restricted by the Board of Directors as follows:

Community investments	\$ 582,000
Organizational reserves	<u>1,250,000</u>
	<u><u>\$ 1,832,000</u></u>

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

	Without donor restrictions	With donor restrictions		
		Time or purpose	Perpetual	Total
Endowment net assets, July 1, 2021	\$ -	\$ 4,310	\$ 50,664	\$ 54,974
Investment return				
Investment income	<u>-</u>	<u>1,975</u>	<u>-</u>	<u>1,975</u>
Total investment return	-	1,975	-	1,975
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, June 30, 2022	<u><u>\$ -</u></u>	<u><u>\$ 6,285</u></u>	<u><u>\$ 50,664</u></u>	<u><u>\$ 56,949</u></u>

**Note 14 - Postretirement benefits other than pensions**

United Way provides a postretirement benefit plan consisting of Medicare supplement health insurance coverage and payment for unused sick leave. This plan covers certain employees retiring from United Way on or after attaining age 65 for medical and 62 for sick leave and who have rendered 20 years of service. New employees hired after August 1, 1995 are not eligible to

**United Way of Greater New Haven, Inc.**

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participate in this plan. United Way eliminated the sick leave benefit for all eligible employees as of June 30, 2015. Special coverage is also provided under the plan if certain conditions are met. The expected cost of these postretirement benefits is charged to expense during the years that the employees render service. United Way does not fund this plan. United Way uses a June 30 measurement date for its postretirement plan.

Information of the plan at June 30, 2022 is as follows:

Accumulated postretirement benefit obligation (included in accrued expenses and other liabilities)	\$ 26,198
Postretirement benefit cost (income)	(3,479)
Employer contributions	4,403
Benefits paid	4,403

The following summarizes the amounts in net assets without donor restrictions not yet recognized as components of net periodic benefit cost for the year ended June 30, 2022:

Transitional obligation	\$ -
Prior service cost	-
Unrecognized net gain	<u>(17,858)</u>
 Total recognized in net assets without donor restrictions	 <u><u>\$ (17,858)</u></u>

The following summarizes the amounts in net assets without donor restrictions expected to be recognized in net periodic benefit cost for the year ending June 30, 2022:

Amortization of transitional obligation	\$ -
Amortization of prior service cost	-
Amortization of unrecognized net gain	<u>(3,916)</u>
 Total estimated amortizations from net assets without donor restriction to net periodic benefit cost	 <u><u>\$ (3,916)</u></u>

The assumptions used in the measurement of United Way's postretirement benefit obligation and postretirement benefit cost are shown in the following table:

	<u>Obligation</u>	<u>Cost</u>
Weighted-average assumptions		
Discount rate	4.05%	1.65%
Rate of compensation increase	N/A	N/A

The assumed healthcare cost trend rate used to measure the expected cost of benefits covered by the plan for the year ended June 30, 2022 was 6.5%. The ultimate trend rate expected to be achieved by the year ending June 30, 2032 is 4.4%.

## United Way of Greater New Haven, Inc.

### Notes to Financial Statements June 30, 2022

Expected future benefit payments as of June 30, 2022 are as follows:

2023	\$	5,000
2024		4,000
2025		4,000
2026		3,000
2027		3,000
2028-2032		9,000

#### Note 15 - Refundable advance PPP loan

In April 2020, United Way obtained a term note with Key Bank in the amount of \$296,415 pursuant to the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. During the year ended June 30, 2022, United Way received notice that the SBA approved forgiveness of the PPP loan in the amount of \$296,415, and recognized contribution revenue without donor restrictions for the amount of the forgiven loan. There is a six-year period during which the SBA can review United Way's forgiveness calculation.

#### Note 16 - Leases

United Way entered into various leases for office space and office equipment under agreements which expire through July 2025. These leases are accounted for as operating leases. The office lease provides for 3% base rent increases on August 1, 2023 and 2024, and additional rent equal to United Way's prorata share of real estate taxes and operating expenses over a base year. Future minimum lease payments as of June 30, 2022 are as follows:

2023	\$	160,582
2024		157,475
2025		155,527
2026		12,908

Rent expense amounted to \$178,782 for the year ended June 30, 2022.

#### Note 17 - Commitments and contingencies

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As of June 30, 2022 there was no significant impact to United Way's operations. However, United Way is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on United Way's operations continues for an extended period of time, there could be a loss of revenues and other material adverse effects to United Way's financial position, results of activities, and cash flows.



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