

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

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

**June 30, 2024**  
**(With Comparative Totals for June 30, 2023)**

---

# United Way of Greater New Haven, Inc.

## Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	8
Statement of Functional Expenses	9
Notes to Financial Statements	10

## 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, 2024, 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, 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 ("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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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 November 22, 2024, 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  
November 22, 2024

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

**Statement of Financial Position  
June 30, 2024  
(With Comparative Totals for 2023)**

	<u>Assets</u>	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 4,481,358	\$ 3,445,251
Campaign pledges receivable, net	1,178,356	781,905
Grants receivable	598,635	621,968
Prepaid expenses	20,377	18,958
Investments	2,608,031	2,354,575
Total current assets	8,886,757	7,222,657
Property and equipment, net	21,030	24,246
Other assets		
Other assets	75,148	71,934
Right-of-use asset - operating lease	155,973	302,190
Total other assets	231,121	374,124
Total assets	\$ 9,138,908	\$ 7,621,027
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable	\$ 693,286	\$ 797,230
Donor-directed gifts payable	446,260	464,970
Accrued expenses and other liabilities	307,407	250,614
Refundable advance - grants	1,336,606	615,765
Current portion of operating lease liabilities	147,719	133,113
Total current liabilities	2,931,278	2,261,692
Long-term liabilities		
Operating lease liabilities, net of current portion	12,831	173,374
Total long-term liabilities	12,831	173,374
Total liabilities	2,944,109	2,435,066
Net assets		
Without donor restrictions		
Unrestricted	2,978,622	2,709,387
Board designated	1,720,000	1,637,320
Property and equipment	21,030	24,246
Total net assets without donor restrictions	4,719,652	4,370,953
With donor restrictions	1,475,147	815,008
Total net assets	6,194,799	5,185,961
Total liabilities and net assets	\$ 9,138,908	\$ 7,621,027

See Notes to Financial Statements.

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

**Statement of Activities  
Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)**

	Without donor restrictions	With donor restrictions	2024 Total	2023 Total
<u>Public support and revenue</u>				
Campaign amounts raised	\$ 2,950,775	\$ 1,243,669	\$ 4,194,444	\$ 3,333,544
Less				
Uncollectible pledges	(118,816)	-	(118,816)	(117,207)
Amounts designated by donors	(759,976)	-	(759,976)	(795,105)
Net assets released from restrictions	<u>588,661</u>	<u>(588,661)</u>	<u>-</u>	<u>-</u>
Campaign revenue, net	<u>2,660,644</u>	<u>655,008</u>	<u>3,315,652</u>	<u>2,421,232</u>
<u>Other revenue</u>				
Gifts, bequests, grants and other	485,545	3,214	488,759	503,048
Government grants	7,757,562	-	7,757,562	6,198,564
Investment income, net of fees of \$15,165	171,901	1,917	173,818	52,383
Administrative fees	11,936	-	11,936	31,887
Miscellaneous income	<u>594</u>	<u>-</u>	<u>594</u>	<u>11,809</u>
Total other revenue	<u>8,427,538</u>	<u>5,131</u>	<u>8,432,669</u>	<u>6,797,691</u>
Total public support and revenue	<u>11,088,182</u>	<u>660,139</u>	<u>11,748,321</u>	<u>9,218,923</u>

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

**Statement of Activities  
Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)**

	Without donor restrictions	With donor restrictions	2024 Total	2023 Total
<u>Functional expenses</u>				
Community impact and program services				
Community support and gross funds distributed	8,078,595	-	8,078,595	6,704,010
Less amounts designated by donors	<u>(759,976)</u>	<u>-</u>	<u>(759,976)</u>	<u>(795,105)</u>
Community impact (program support)	7,318,619	-	7,318,619	5,908,905
Program services	<u>2,296,152</u>	<u>-</u>	<u>2,296,152</u>	<u>1,856,679</u>
Total community impact and program services	<u>9,614,771</u>	<u>-</u>	<u>9,614,771</u>	<u>7,765,584</u>
Support services				
Fundraising	681,973	-	681,973	628,405
Management and general	<u>645,849</u>	<u>-</u>	<u>645,849</u>	<u>571,421</u>
Total support services	<u>1,327,822</u>	<u>-</u>	<u>1,327,822</u>	<u>1,199,826</u>
Total functional expenses	<u>10,942,593</u>	<u>-</u>	<u>10,942,593</u>	<u>8,965,410</u>
Operating income	145,589	660,139	805,728	253,513
Nonoperating revenue and expenses				
Unrealized gain (loss) on investments	<u>203,110</u>	<u>-</u>	<u>203,110</u>	<u>122,398</u>
Change in net assets	348,699	660,139	1,008,838	375,911
Net assets, beginning of year	<u>4,370,953</u>	<u>815,008</u>	<u>5,185,961</u>	<u>4,810,050</u>
Net assets, end of year	<u>\$ 4,719,652</u>	<u>\$ 1,475,147</u>	<u>\$ 6,194,799</u>	<u>\$ 5,185,961</u>

See Notes to Financial Statements.



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

**Statement of Cash Flows**  
**Year Ended June 30, 2024**  
**(With Comparative Totals for the Year Ended June 30, 2023)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Changes in net assets	\$ 1,008,838	\$ 375,911
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	7,407	5,789
Uncollectible pledges	118,816	117,207
Unrealized (gain) loss in investments	(203,110)	(122,398)
Changes in operating assets and liabilities		
Campaign pledges receivable	(515,267)	221,630
Other receivables	-	3,727
Grants receivable	23,333	278,150
Prepaid expenses	(1,419)	(3,331)
Other assets	(3,214)	(37,121)
Accounts payable	(103,944)	69,595
Donor-directed gifts payable	(18,710)	(143,618)
Accrued expenses and other liabilities	56,793	(9,030)
Refundable advance - grants	720,841	(72,822)
Straight-line operating lease liability	280	4,297
	<u>1,090,644</u>	<u>687,986</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of property and equipment, net	(4,191)	-
Purchases of investments	(394,593)	(373,471)
Proceeds from sales of long-term investments	344,247	64,931
	<u>(54,537)</u>	<u>(308,540)</u>
Net cash used in investing activities		
Net increase in cash and cash equivalents	1,036,107	379,446
Cash and cash equivalents, beginning	<u>3,445,251</u>	<u>3,065,805</u>
Cash and cash equivalents, end	<u>\$ 4,481,358</u>	<u>\$ 3,445,251</u>
Supplemental disclosure of noncash financing and investing activities		
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ -</u>	<u>\$ 440,194</u>
Cash paid for amounts included in the measurement of lease liabilities	<u>\$ 150,050</u>	<u>\$ 146,034</u>

See Notes to Financial Statements.

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

**Statement of Functional Expenses  
Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)**

	Community impact and program services	Support services			2024 Total	2023 Total
		Fundraising	Management and general	Total support services		
Community investments						
Community support and gross funds distributed	\$ 8,078,595	\$ -	\$ -	\$ -	\$ 8,078,595	\$ 6,704,010
Less amounts designated by donors	(759,976)	-	-	-	(759,976)	(795,105)
Community impact (program support)	7,318,619	-	-	-	7,318,619	5,908,905
Salaries and related benefits						
Salaries and wages	1,490,164	380,684	411,975	792,659	2,282,823	1,908,423
Employee benefits	186,936	73,664	80,595	154,259	341,195	270,554
Payroll taxes	95,868	38,741	41,981	80,722	176,590	157,754
Subtotal - salaries and related benefits	1,772,968	493,089	534,551	1,027,640	2,800,608	2,336,731
Other expenses						
Occupancy	123,665	22,707	28,692	51,399	175,064	168,708
Professional fees	150,538	65,419	29,608	95,027	245,565	113,588
Telephone	15,278	3,142	2,401	5,543	20,821	22,394
Supplies, printing and production	16,645	1,547	1,970	3,517	20,162	21,616
Postage and shipping	2,453	585	649	1,234	3,687	4,132
Printing and publication	27,844	19,452	4,632	24,084	51,928	86,335
Equipment rental and maintenance	72,026	15,067	17,522	32,589	104,615	102,523
Community engagement	26,188	226	-	226	26,414	13,297
Fees	-	22,413	8,468	30,881	30,881	32,266
Travel	1,641	246	299	545	2,186	4,013
Conferences and meetings	21,924	25,482	1,297	26,779	48,703	56,228
Membership - dues	55,674	11,160	14,222	25,382	81,056	68,781
Miscellaneous	4,271	401	205	606	4,877	20,104
Depreciation	5,037	1,037	1,333	2,370	7,407	5,789
Subtotal - other expenses	523,184	188,884	111,298	300,182	823,366	719,774
Total functional expenses	\$ 9,614,771	\$ 681,973	\$ 645,849	\$ 1,327,822	\$ 10,942,593	\$ 8,965,410

See Notes to Financial Statements.

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

### **Notes to Financial Statements June 30, 2024**

#### **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 \$79,713 for the year ended June 30, 2024.

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, 2024

#### 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, 2023, 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 statement 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, 2024**

#### ***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. There were cash equivalents of \$82,197 as of June 30, 2024.

#### **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.

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

### **Notes to Financial Statements June 30, 2024**

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 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, 2024.

#### **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.

## United Way of Greater New Haven, Inc.

### Notes to Financial Statements June 30, 2024

#### 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.

Management has analyzed the tax positions taken by the United Way and has concluded that, as of June 30, 2024 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The United Way's federal information returns prior to fiscal year 2021 are closed and management continually evaluates expiring statutes of limitations, audits and proposed settlements, changes in tax law and new authoritative rulings.

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

#### Use of estimates

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

#### Subsequent events

United Way has evaluated events and transactions for potential recognition or disclosure through November 22, 2024, 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, 2024, United Way has approximately \$6.4 million of financial assets available to meet annual operating needs for the 2025 fiscal year as follows:

Cash and cash equivalents	\$ 4,481,358
Investments	2,608,031
Campaign pledges receivables	1,178,356
Grants and other receivables	<u>598,635</u>
Less	8,866,380
Endowment funds to be held in perpetuity	(50,664)
Endowment funds restricted to time and purpose	(10,137)
Donor designated gifts	(686,732)
Board designated	<u>(1,720,000)</u>
	<u>\$ 6,398,847</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.

# United Way of Greater New Haven, Inc.

## Notes to Financial Statements June 30, 2024

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

### 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, 2024 was approximately \$3,897,000.

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, 2024 are as follows:

Campaign conducted	Campaign allocation year	Balance of pledges receivable	Allowance for uncollectible pledges	Unamortized discount	Net pledges receivable
Fall 2024	2025	\$ 513,000	\$ -	\$ -	\$ 513,000
Fall 2024	2024	646,242	120,172	-	526,070
Fall 2023	2027	10,000	-	791	9,209
Fall 2023	2026	10,000	-	791	9,209
Fall 2023	2025	20,000	-	-	20,000
Fall 2023	2023	98,056	98,056	-	-
Fall 2022	2026	50,000	-	4,132	45,868
Fall 2022	2025	50,000	-	-	50,000
Fall 2022	2024	5,000	-	-	5,000
Fall 2022	2022	99,416	99,416	-	-
Fall 2020	2020	103,797	103,797	-	-
		<u>\$ 1,605,511</u>	<u>\$ 421,441</u>	<u>\$ 5,714</u>	<u>\$ 1,178,356</u>

The unamortized discount is calculated at the United Way's incremental borrowing rate. At June 30, 2024 the rate was 7.5%.

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.



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

### **Notes to Financial Statements June 30, 2024**

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.

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 \$759,976 at June 30, 2024 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**

United Way is a 20% 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 June 30, 2024

### Note 8 - 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 2024.

Assets measured at fair value on a recurring basis at June 30, 2024 are as follows:

Description	Fair value	Level 1	Level 2	Level 3
Mutual funds				
Domestic equity	\$ 1,060,486	\$ 1,060,486	\$ -	\$ -
Fixed income	706,880	706,880	-	-
International equity	346,063	346,063	-	-
Alternatives	119,101	119,101	-	-
Market neutral	115,068	115,068	-	-
Beneficial interest - charitable remainder unitrust	75,148	-	-	75,148
Certificates of deposit	260,433	-	260,433	-
	<u>\$ 2,683,179</u>	<u>\$ 2,347,598</u>	<u>\$ 260,433</u>	<u>\$ 75,148</u>

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.

Certificates of deposit (Level 2) these items are valued at the fair value which is estimated by discounting the future cash flows using rates currently offered for deposits similar remaining maturity.

## United Way of Greater New Haven, Inc.

### Notes to Financial Statements June 30, 2024

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, 2024. There were no additions or distributions to level 3 investments during the year ended June 30, 2024.

#### Note 9 - Property and equipment, net

Details of property and equipment at June 30, 2024 are as follows:

Equipment	\$	20,424
Leasehold improvements		4,191
Furniture and fixtures		99,343
		<hr/>
		123,958
Less accumulated depreciation		(102,928)
		<hr/>
	\$	<u>21,030</u>

Depreciation expense for the year ended June 30, 2024 was \$7,407.

#### Note 10 - Line of credit

United Way has a \$1,000,000 line of credit available for its use. Advances under the facility accrue interest at a rate of 1.0% below the lenders prime rate and are payable on demand. At June 30, 2024, there was no outstanding balance and the interest rate was 7.5%. The line is secured by a portion of United Way's cash equivalents and investments.

#### Note 11 - 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, 2024, pension plan contribution expense totaled \$83,827. The organization also has a discretionary match of eligible payroll of 1.5%, total expense for the year ended June 30, 2024 was \$25,114.

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

**Notes to Financial Statements  
June 30, 2024**

**Note 12 - 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	10,137
Split - interest agreement	75,148
Multi-year pledge receivables	652,466
Purpose restrictions	<u>686,732</u>
	<u><u>\$ 1,475,147</u></u>

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

Community investments	\$ 470,000
Organizational reserves	<u>1,250,000</u>
	<u><u>\$ 1,720,000</u></u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without donor restrictions	With donor restrictions		
		Time or purpose	Perpetual	Total
Endowment net assets, July 1, 2023	<u>\$ -</u>	<u>\$ 8,220</u>	<u>\$ 50,664</u>	<u>\$ 58,884</u>
Investment return				
Investment income	<u>-</u>	<u>1,917</u>	<u>-</u>	<u>1,917</u>
Total investment return	-	1,917	-	1,917
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, June 30, 2024	<u><u>\$ -</u></u>	<u><u>\$ 10,137</u></u>	<u><u>\$ 50,664</u></u>	<u><u>\$ 60,801</u></u>

**Note 13 - Leases**

United Way leases office space. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

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

**Notes to Financial Statements  
June 30, 2024**

At lease commencement, United Way recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. United Way has elected and applies the practical expedient to combine nonlease components with their related lease components and account for them as a single combined lease component for all its leases. United Way remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

United Way determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, United Way has elected to apply the practical expedient to use the risk-free rate as the discount rate to discount the lease liability. United Way uses rates on United States government securities for periods comparable with lease terms as risk-free rate.

For accounting purposes, United Way's leases commence on the earlier of (i) the date upon which United Way obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of United Way's leases coincides with the contractual effective date. United Way's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of United Way and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts.

Unless United Way determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

United Way's leases generally require reimbursement of real estate taxes, common area maintenance, and insurance. These variable lease payments are expensed when incurred.

United Way entered into various leases for office space 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. Rental payments on these leases typically provide for fixed minimum payments that may increase over the lease term at predetermined amounts.

The components of United Way's lease cost for the year ended June 30, 2024 follows:

	<u>Functional expenses</u>	<u>2024</u>
Operating lease cost, net		
Rent expense	Occupancy	\$ 153,748
Variable rent costs	Occupancy	<u>21,316</u>
Total lease cost		<u>\$ 175,064</u>

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

**Notes to Financial Statements**  
**June 30, 2024**

As of June 30, 2024, the weighted average remaining lease term was 1.1 years and weighted average incremental borrowing was 3.25%.

Annual maturity analysis of United Way's operating lease liabilities as of June 30, 2024 is as follows:

<u>Year ending June 30,</u>	<u>Operating leases</u>
2025	\$ 154,527
2026	<u>12,908</u>
Total lease payments	167,435
Less: interest	<u>(6,885)</u>
Present value of operating lease liabilities	160,550
Less: current portion of operating lease liabilities	<u>(147,719)</u>
Noncurrent portion of operating lease liabilities	<u><u>\$ 12,831</u></u>



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**