

UNITED WAY OF SOUTHEASTERN
CONNECTICUT, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023



**UNITED WAY OF SOUTHEASTERN
CONNECTICUT, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Southeastern
Connecticut, Inc.
P.O. Box 375
Gales Ferry, CT 06335

Opinion

We have audited the accompanying financial statements of United Way of Southeastern Connecticut, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southeastern Connecticut, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southeastern Connecticut, 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 Southeastern Connecticut, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

Stacey L. Gualtieri, CPA
Audrey A. Leone, CPA

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southeastern Connecticut, 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 Southeastern Connecticut, 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.

Report on Summarized Comparative Information

We have previously audited United Way of Southeastern Connecticut, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



DOHERTY, BEALS & BANKS, P.C.
New London, Connecticut

August 23, 2023

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	
			2023	2022
ASSETS				
Cash-checking	\$ 110,941	\$ -	\$ 110,941	\$ 715,751
Cash-savings	102,076	269,027	371,103	463,121
Total cash	<u>213,017</u>	<u>269,027</u>	<u>482,044</u>	<u>1,178,872</u>
Investments (note 3)	5,983,826	-	5,983,826	5,555,227
Pledges receivable (net of allowance for uncollectibles of \$108,718)	-	1,823,893	1,823,893	1,632,176
Grants receivable	-	-	-	126,819
Prepaid expenses	29,793	-	29,793	10,650
Land, building and equipment (net) (note 4)	1,901,195	-	1,901,195	1,889,362
Beneficial Interest in Perpetual Trust (note 3)	-	152,007	152,007	143,461
Beneficial Interest in assets held by Community Foundation (note 3 & 5)	175,864	-	175,864	168,638
	<u>8,303,695</u>	<u>2,244,927</u>	<u>10,548,622</u>	<u>10,705,205</u>
TOTAL ASSETS				
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 95,041	\$ -	\$ 95,041	\$ 127,327
Deferred revenue	25,000	-	25,000	139,848
Donor directed allocations payable	-	100,710	100,710	171,468
	<u>120,041</u>	<u>100,710</u>	<u>220,751</u>	<u>438,643</u>
TOTAL LIABILITIES				
NET ASSETS				
Without donor restrictions				
Available for general activities	1,527,799	-	1,527,799	1,723,577
Invested in land, building, and equipment	1,901,195	-	1,901,195	1,889,362
Board designated (note 7)	4,754,660	-	4,754,660	4,585,822
With donor restrictions	-	2,144,217	2,144,217	2,067,801
	<u>8,183,654</u>	<u>2,144,217</u>	<u>10,327,871</u>	<u>10,266,562</u>
TOTAL NET ASSETS				
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,303,695</u>	<u>\$ 2,244,927</u>	<u>\$ 10,548,622</u>	<u>\$ 10,705,205</u>

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR 2022

	Net Assets		Net Assets With Donor Restrictions	Totals	
	Without Donor Restrictions Undesignated	Designated		2023	2022
SUPPORT AND REVENUE					
Annual Campaign results	\$ 107,716	\$ -	\$ 4,024,587	\$ 4,132,303	\$ 4,020,713
Less: amount designated by donors for specific organizations	-	-	(150,986)	(150,986)	(187,707)
Allowance for uncollectibles	-	-	(108,718)	(108,718)	(123,000)
Total Annual Campaign	107,716	-	3,764,883	3,872,599	3,710,006
Food Center revenue	4,564,169	-	-	4,564,169	3,512,023
Contributions (note 8)	56,942	68,817	67,417	193,176	531,997
Administrative fees retained on amounts designated and programs	49,323	-	-	49,323	58,569
Grants	1,238,246	-	-	1,238,246	783,572
Net Investment income	126,551	387,229	8,545	522,325	(672,723)
Net assets released from restriction:					
Expiration of time restriction	3,691,529	-	(3,691,529)	-	-
Purpose restriction accomplished	72,900	-	(72,900)	-	-
TOTAL SUPPORT AND REVENUE	9,907,376	456,046	76,416	10,439,838	7,923,444
ALLOCATIONS AND EXPENSES					
Allocations to agencies (page 15)	\$ 1,769,010	\$ -	\$ -	\$ 1,769,010	\$ 2,035,837
Food center	5,591,728	-	-	5,591,728	4,466,379
Community investment	403,855	-	-	403,855	306,314
Direct programs	1,102,690	245,931	-	1,348,621	814,746
Total Direct Support	8,867,283	245,931	-	9,113,214	7,623,276
Campaign	586,456	-	-	586,456	553,105
Marketing	154,421	-	-	154,421	164,062
Administration	483,161	41,277	-	524,438	544,410
TOTAL ALLOCATIONS AND EXPENSES	10,091,321	287,208	-	10,378,529	8,884,853
CHANGE IN NET ASSETS	(183,945)	168,838	76,416	61,308	(961,410)
NET ASSETS, BEGINNING	3,612,939	4,585,822	2,067,801	10,266,562	11,227,972
NET ASSETS, ENDING	\$ 3,428,994	\$ 4,754,660	\$ 2,144,217	\$ 10,327,870	\$ 10,266,562

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
AS OF JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR 2022

	PROGRAMS			OPERATIONS			TOTALS	
	Food Center	Community Investment	Direct Programs	Campaign	Marketing	Administration	2023	2022
Salaries	\$ 535,069	\$ 246,386	\$ -	\$ 350,329	\$ 75,245	\$ 279,407	\$ 1,486,436	\$1,374,195
Benefits and taxes	195,541	73,709	-	96,486	22,275	83,484	471,495	451,404
TOTAL SALARY EXPENSES	730,610	320,095	-	446,815	97,520	362,891	1,957,931	1,825,599
Office expenses	3,429	2,135	-	3,248	590	2,801	12,203	14,321
Postage	-	1,620	-	2,524	-	1,633	5,777	8,769
Staff and volunteer expenses	5,351	2,899	-	5,262	281	3,610	17,403	15,723
Staff training and conferences	4,952	591	-	1,527	21	137	7,228	2,976
Campaign	-	-	-	19,721	-	-	19,721	17,055
Marketing and ads	-	-	-	-	30,461	-	30,461	33,279
Telephone	4,618	1,684	-	2,807	561	2,246	11,916	8,745
Utilities	58,134	9,861	-	16,436	3,287	13,149	100,867	79,143
Building maintenance	43,985	8,275	-	13,792	2,758	11,034	79,844	85,556
Equipment maintenance	10,421	14,814	-	19,357	718	13,915	59,225	41,043
Auto expenses	31,087	-	-	-	-	-	31,087	23,535
Insurance expense	28,021	3,876	-	6,461	1,292	5,169	44,819	42,445
Professional fees	11,367	12,133	-	12,133	1,561	76,731	113,925	111,819
Depreciation expense	126,758	15,751	-	26,252	5,250	21,001	195,012	162,681
UWW dues	9,321	9,321	-	9,321	9,321	9,321	46,605	67,510
UW of CT dues	800	800	-	800	800	800	4,000	4,000
Food donated (note 11)	4,376,394	-	-	-	-	-	4,376,394	3,222,806
Food purchased	122,184	-	-	-	-	-	122,184	241,641
Direct mailing expenses	10,010	-	-	-	-	-	10,010	11,101
Mobile pantry expense	2,536	-	-	-	-	-	2,536	8,100
Miscellaneous	11,750	-	-	-	-	-	11,750	6,423
Direct program support (note 10)	-	-	1,348,621	-	-	-	1,348,621	814,746
TOTAL FUNCTIONAL EXPENSES	\$5,591,728	\$ 403,855	\$1,348,621	\$ 586,456	\$ 154,421	\$ 524,438	\$ 8,609,519	\$6,849,016

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 61,308	\$ (961,410)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	195,012	162,681
Realized/unrealized (gains) losses	(278,661)	831,851
Forgiveness of PPP loan	-	(331,345)
(Increase) decrease in operating assets		
Pledges receivable	(191,717)	328,360
Grants receivable	126,819	115,274
Prepaid expenses	(19,143)	(3,995)
Increase (decrease) in operating liabilities		
Accounts payable	(32,286)	21,342
Deferred revenue	(114,848)	(215,060)
Donor directed allocations payable	(70,758)	77,750
	(324,274)	25,448
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	1,893,567	4,538,273
Purchase of investments	(2,059,277)	(4,956,517)
Payments for building improvements and equipment	(206,844)	(139,706)
	(372,554)	(557,950)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Payroll Protection Program	-	331,345
	-	331,345
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
CHANGE IN CASH	(696,828)	(201,157)
CASH - BEGINNING	1,178,872	1,380,029
CASH - ENDING	\$ 482,044	\$ 1,178,872

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The United Way of Southeastern Connecticut, Inc.'s mission is to inspire and coordinate the generosity and commitment that sustains a united, thriving community.

Basis of Accounting

United Way of Southeastern Connecticut, Inc. prepared the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The financial statements include the operations, assets and liabilities of the Organization. In the opinion of the Organization's management, the accompanying financial statements contain all adjustments, consisting of normal recurring accruals, necessary to fairly present the accompanying financial statements.

Financial Statement Presentation

The Organization follows the reporting requirements of GAAP, which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

- Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of donations and related expenses associated with the core activities of the Organization.
- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are for contributions for which donor-imposed restrictions have not been met in the year of receipt. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal or state income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

The Organization recognizes the tax benefit from uncertain tax positions when it is more-likely-than-not the position will be sustained upon examination by taxing authorities. As of June 30, 2023, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. In the normal course of business, the Organization's tax filings are subject to examination by federal and state taxing authorities. The Organization's tax returns for the last three years remain open for examination.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

Cash equivalents as used in the statement of cash flows are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash.

Prior Year Comparative Totals

The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023 and presents summarized totals only. Such total amounts do not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such amounts should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the comparative total amounts were derived.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Fair value is generally determined based on quoted prices in active markets. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Fair Values of Financial Instruments

The fair values of financial instruments have been determined through quoted market prices or present value techniques to approximate the amounts recorded in the statement of financial position.

Land, Building and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation of the Organization's assets is calculated using the straight-line method over the estimated useful lives of the assets ranging from five to thirty years.

Restricted Funds

The Organization's restricted net assets consist of funds discussed in note 7. As required by generally accepted accounting principles, net assets associated with restricted funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization classifies as restricted net assets (a) the original value of gifts donated to the restricted funds, (b) the original value of subsequent gifts to the restricted funds, and (c) accumulations to the restricted funds 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 funds is classified as net assets with donor restrictions until it is appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Connecticut UPMIFA which requires consideration of the following factors: (1) the duration and preservation of the restricted funds, (2) the purposes of the Organization and the restricted funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policy.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Support and Revenue

Grants and Contracts – Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities.

Entitlement to cost reimbursement grants and contracts is conditioned on the expenditure of funds in accordance with grant restrictions and, therefore, support is recognized to the extent of grant expenditures. Entitlement to performance-based grants and contracts are conditioned to the attainment of specific performance goals and, therefore, support is recognized to the extent of performance achieved. Grant and contract receipts in excess of support recognized are presented as deferred revenue.

Contributions – Contributions are defined as voluntary, non-reciprocal transfers.

Contributions that are unconditional and without restrictions are recognized as support when received or pledged, if applicable. Contributions and grants that are restricted by the contributor or grantor are reported as increases in net assets with donor restrictions. Expirations of net assets with donor restrictions (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Conditional promises to give are not recognized as support until the conditions have been substantially met.

Contributed Assets – Donated assets (including the usage of assets such as rent) are recognized at their estimated fair market value.

United Way of Southeastern Connecticut, Inc. reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long-lived assets must be maintained, United Way of Southeastern Connecticut, Inc. reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service.

Contributed Services – United Way of Southeastern Connecticut, Inc. recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition in the financial statements.

Leases

The organization adopted Accounting Standard Codification (ASC) 842, Lease standard effective July 1, 2022 and recognized and measured leases existing at July 1, 2022. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840. This adoption did not require any financial or informational changes to the financial statements presented.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through August 23, 2023, the date which the financial statements were available for issue.

2. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation and the National Credit Union Administration up to \$250,000. The organization has controls in place to keep cumulative bank balances below the insured amount.

3. INVESTMENTS

The Investment Policy Statement sets an investment objective of preserving the long-term, real (inflation adjusted) value of invested assets, while providing access to a relatively stable stream of distributions in support of the Organization. These goals are expected to be achieved by means of diversified investments across and within multiple asset classes. Investment allocation target ranges are set at 50%-70% for equities, 30%-50% for fixed income, and 0%-15% for alternative investments. Performance is assessed on a regular basis against benchmarks, and evaluated over a long-term investment horizon. The Organization retains an investment advisor to assist the Investment Committee with implementation of the Policy, including asset allocations selection of investment managers, and performance monitoring and evaluation.

Generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure the fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 – Significant other observable inputs other than quoted prices included in level 1, which are observable for the asset or liability, either directly or indirectly (*i.e.*, quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 – Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

The following table sets forth by level, within the fair value hierarchy, the investments' fair values as June 30, 2023:

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

3. INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$ 109,948	\$ 109,948		
Equities	3,783,228	3,783,228		
Fixed Income	1,868,291	1,868,291		
Alternative Investment	222,359	222,359		
Investments	<u>\$5,983,826</u>	<u>\$5,983,826</u>		
Beneficial Interest in Perpetual Trust	\$ 152,007		\$ 152,007	
Beneficial Interest in assets held by Community Foundation	\$ 175,864			\$ 175,864

4. LAND, BUILDING AND EQUIPMENT

A summary of land, building, and equipment is as follows:

Land and building	\$ 3,287,144
Equipment and vehicle	<u>771,469</u>
	4,058,613
Accumulated Depreciation	<u>(2,157,418)</u>
	<u>\$ 1,901,195</u>

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Community Foundation of Southeastern Connecticut and the United Way of Southeastern Connecticut, Inc. entered into an agreement dated November 22, 1993, which created the United Way Fund (the Fund). The Fund is co-mingled and invested with the Community Foundation's pool of assets. The Fund is subject to the Community Foundation's investment guidelines and spending rule and is restricted to benefit the United Way of Southeastern Connecticut, Inc.

The funds were deposited into the Community Foundation's pool of assets. The United Way's contributions through 2023 were \$117,083. The market value of the Fund at June 30, 2023, was \$175,864.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

2023 Campaign	\$ 1,882,442
Funders Table for ending homelessness	15,000
End Homelessness Fund	9,634
Labor Relation	8,910
Community Coalition for Children	6,304
Fund Appreciation	<u>21,694</u>
	<u>\$ 1,943,984</u>

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Permanently restricted net assets are as follows:

Smyser Perpetual Trust	\$ 152,006
General Endowment	<u>48,208</u>
	<u>\$ 200,214</u>

Net assets were released from restriction during the year to satisfy their purpose or time restriction as follows:

2021 Campaign	\$ 1,809,088
Funders Table for ending homelessness	17,964
End Homelessness Fund	9,634
Labor Relations	11,797
Community Coalition for Children	<u>2,627</u>
Total	<u>\$ 1,851,110</u>

7. BOARD DESIGNATED NET ASSETS

Smith Fund

Mr. & Mrs. Laurence Smith's initial contribution to the United Way Pooled Income Fund was \$15,000, which was made in 1990. From 1997 to 2006, they contributed an additional \$1.5 million to this fund. In the fall of 2006, Mr. & Mrs. Smith renounced their right to the interest income in this fund, which gives United Way the control over this fund. At the end of 2006, the trust fund was officially transferred to United Way and was named the Smith Fund.

Dorothy Hunter Fund

In 1990, the United Way received \$514,000 from the Estate of Dorothy R. Hunter. There were no restrictions on the fund. In 1993, United Way transferred \$114,000 out of this fund to the Community Foundation of Southeastern CT to establish an endowment fund.

Gilman Fund

Mrs. Edna G. Gilman was an active supporter of United Way starting in 1962. Her services to United Way ranged from Allocation Committee member to United Way Board Chair. In recognizing Mrs. Gilman's services to this community, the Gilman Fund was established in her memory.

Heritage Fund

This is a memorial fund. United Way receives donations from the public in memory of their loved ones and the funds are used at the discretion of the Board.

The above Funds are intended to support the following purposes, as well as any others that may be identified and approved by the Board of Directors:

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

7. BOARD DESIGNATED NET ASSETS (Continued)

- providing financial stability during times when expenses exceed revenue, but are not intended to support normal operating expenses on an ongoing basis;
- funding the cost of capital expenditure projects, such as the addition or replacement of major equipment and vehicles and the renovation or modification of facilities; and
- funding of special programs, as identified and approved by the Board, to address an immediate and urgent need that cannot be covered within the approved operating budget.

8. CONTRIBUTIONS

Contributions valued at \$190,276 were collected through special fund-raising activities. These fundraisers are independent of the United Way's Annual Campaign and include contributions for the food center, project warm-up, loaned employees fund, and various other projects.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns, however, only those services meeting the criteria for recording were included in the Statement of Activities.

9. AVAILABILITY OF FINANCIAL ASSETS

The following reflects United Way's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalents	\$ 482,044
Pledges receivable	<u>1,823,893</u>
	<u>\$ 2,305,937</u>

As part of United Way of Southeastern Connecticut, Inc.'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although United Way of Southeastern Connecticut, Inc. does not intend to spend from any other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process amounts from other sources could be made available if necessary.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

10. DIRECT PROGRAMS

End Homeless	\$ 678,552
Health Collaborates	425,552
Project Warm-Up	15,067
New Capacities and ECHC	145,712
Labor Relations	15,961
Your Voice Counts	21,228
All Other Community Assistance	40,549
Individual Development Account	<u>6,000</u>
	<u><u>\$ 1,348,621</u></u>

11. FOOD CENTER

The food center received 2,279,372 pounds of food in 2023. The estimated value of those items recorded in the financial statements is \$4,376,394. The Organization uses the Feeding America's price per pound to calculate the value of the donated food.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
SCHEDULE OF DESIGNATIONS AND ALLOCATIONS TO AGENCIES
FOR THE YEAR ENDED JUNE 30, 2023

	Designations Through United Way	Allocations	Total
Alliance for Living	\$ 1,459	\$ 63,550	\$ 65,009
American Red Cross	156	30,000	30,156
ARC/New London County	5,095	45,532	50,627
Catholic Charities	2,992	38,897	41,889
Child and Family Agency	5,269	234,777	240,046
Connecticut Legal Services	-	18,000	18,000
Covenant Shelter	2,665	53,160	55,825
Higher Edge	3,911	12,132	16,043
Jewish Federation	-	22,062	22,062
Madonna Place	8,006	111,951	119,957
Martin House	1,556	103,234	104,790
New London Homeless Hospitality	3,240	10,871	14,111
Pawcatuck Neighborhood Center	6,076	44,386	50,462
Riverfront Children's Center	6,242	108,200	114,442
Safe Futures	8,563	145,843	154,406
S.C.A.D.D	3,156	86,403	89,559
Thames River Community Service	9,764	73,963	83,727
The Center A Drop in Community Program	12,103	42,233	54,336
The Lighthouse Voc-Ed Center	111	16,088	16,199
T.V.C.C.A.	5,620	49,380	55,000
United Community and Family Services	2,486	267,191	269,677
United Cerebral Palsy of Eastern Connecticut	800	47,583	48,383
United Way 2-1-1	-	39,010	39,010
Visiting Nurses Assoc. of Southeastern Connecticut	2,340	79,564	81,904
STEPS, Inc.	-	25,000	25,000
Designations to Other Non-Profit Organizations	96,715	-	96,715
TOTAL	\$ 188,325	\$ 1,769,010	\$ 1,957,335

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
SCHEDULE OF CHANGES IN BOARD DESIGNATED NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Balance July 1, 2022	Realized\ Unrealized Gain(loss)	Investment Income and Donations	Direct Fund Expenses	Balance June 30, 2023
BOARD DESIGNATED NET ASSETS (note 7)					
Smith Fund	\$ 3,096,697	\$ 112,695	\$ 126,222	\$ (189,367)	\$ 3,146,247
Dorothy Hunter Fund	908,781	33,072	37,042	(56,564)	922,331
McKenna Fund	303,442	11,043	12,368	-	326,853
Gilman Fund	81,435	2,964	3,320	-	87,719
Gemma Moran Legacy Fund	-	-	68,817	-	68,817
Community Foundation-The United Way Fund	168,639	7,226	-	-	175,865
Heritage Fund	26,828	-	-	-	26,828
TOTAL	\$ 4,585,822	\$ 167,000	\$ 247,769	\$ (245,931)	\$ 4,754,660

See notes to financial statements.