

MIDDLESEX UNITED WAY, INC.

FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2024 AND 2023

MIDDLESEX UNITED WAY, INC.

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CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8
ADDITIONAL INFORMATION:	
Schedule I - Schedule of Community Partner Grants	27
Schedule II - Schedule of Special Allocations and Other Distributions	28

Independent Auditor's Report

To the Audit Committee and
Board of Directors of
Middlesex United Way, Inc.
Middletown, Connecticut

Opinion

We have audited the accompanying financial statements of Middlesex United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Middlesex United Way, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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. 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 Middlesex United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Middlesex United Way, 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 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 Middlesex United Way, 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 Middlesex United Way, 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information on pages 27 and 28 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
June 17, 2025

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 105,737	\$ 163,558
Campaign pledges receivable, net	270,791	242,057
Investments	566,859	603,697
Investments held for endowment purposes	211,718	199,291
Beneficial interests in trusts	721,550	675,658
Property and equipment, net	13,078	17,833
Operating lease right-of-use asset, net	151,069	183,048
Other assets	315,809	5,745
	<u>\$ 2,356,611</u>	<u>\$ 2,090,887</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 69,819	\$ 66,671
Community partners payable	300,000	268,062
Donor designations payable, net	103,957	61,877
Finance lease liability	7,403	10,703
Operating lease liability	151,909	183,548
	<u>633,088</u>	<u>590,861</u>
NET ASSETS:		
Without donor restrictions	767,724	590,295
With donor restrictions	955,799	909,731
	<u>1,723,523</u>	<u>1,500,026</u>
	<u>\$ 2,356,611</u>	<u>\$ 2,090,887</u>

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Current-year campaign contributions:						
Total amounts raised	\$ 704,761	\$ -	\$ 704,761	\$ 759,108	\$ -	\$ 759,108
Less: amounts raised on behalf of others	(54,664)	-	(54,664)	(72,373)	-	(72,373)
Total contributions	650,097	-	650,097	686,735	-	686,735
Less: provision for uncollectible pledges	(45,941)	-	(45,941)	(50,000)	-	(50,000)
Prior year campaign contributions	81,513	-	81,513	102,149	-	102,149
Net campaign revenue	685,669	-	685,669	738,884	-	738,884
Other revenue and support:						
Employee retention credit	273,806	-	273,806	-	-	-
Other contributions	71,005	2,949	73,954	32,203	17,611	49,814
Service fee revenue	1,368	-	1,368	17,524	-	17,524
Special events	35,611	-	35,611	5,831	-	5,831
Net assets released from restriction	24,111	(24,111)	-	26,317	(26,317)	-
Total other revenue and support	405,901	(21,162)	384,739	81,875	(8,706)	73,169
Total revenue and support	1,091,570	(21,162)	1,070,408	820,759	(8,706)	812,053
DISTRIBUTIONS AND EXPENSES:						
Distributions:						
Community partners	310,279	-	310,279	268,062	-	268,062
Special allocations and other distributions	15,700	-	15,700	18,473	-	18,473
Payments to affiliated organizations	2,301	-	2,301	11,137	-	11,137
Total distributions	328,280	-	328,280	297,672	-	297,672
Expenses:						
Program services	263,333	-	263,333	263,022	-	263,022
Support services:						
Fundraising expenses	229,570	-	229,570	165,152	-	165,152
Management and general expenses	182,306	-	182,306	183,500	-	183,500
Total program and support services	675,209	-	675,209	611,674	-	611,674
Total distributions and expenses	1,003,489	-	1,003,489	909,346	-	909,346
CHANGE IN NET ASSETS FROM OPERATIONS	88,081	(21,162)	66,919	(88,587)	(8,706)	(97,293)
INVESTMENT INCOME:						
Net investment income	32,011	-	32,011	2,259	-	2,259
Investment income - beneficial trusts	27,015	-	27,015	29,921	-	29,921
Net increase in trust values	-	45,892	45,892	-	30,616	30,616
Net realized and unrealized gains on investments	30,322	21,338	51,660	50,378	17,651	68,029
Total investment income	89,348	67,230	156,578	82,558	48,267	130,825
CHANGE IN NET ASSETS	177,429	46,068	223,497	(6,029)	39,561	33,532
NET ASSETS:						
Beginning of year	590,295	909,731	1,500,026	596,324	870,170	1,466,494
End of year	\$ 767,724	\$ 955,799	\$ 1,723,523	\$ 590,295	\$ 909,731	\$ 1,500,026

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Services	Support Services		Total	Program Services	Support Services		Total
		Fundraising	Management and General			Fundraising	Management and General	
Salaries and wages	\$ 166,996	\$ 145,586	\$ 115,613	\$ 428,195	\$ 164,750	\$ 103,448	\$ 114,942	\$ 383,140
Employee benefits	21,614	18,843	14,963	55,420	22,993	14,437	16,041	53,471
Payroll taxes	13,216	11,522	9,150	33,888	14,078	8,840	9,821	32,739
Total salaries and related expenses	201,826	175,951	139,726	517,503	201,821	126,725	140,804	469,350
Occupancy	15,577	13,580	10,783	39,940	17,028	10,692	11,880	39,600
Professional fees	14,512	12,651	10,047	37,210	16,374	10,282	11,424	38,080
Special events expense	6,595	5,749	4,566	16,910	-	-	-	-
Marketing and advertising	6,236	5,436	4,317	15,989	3,271	2,054	2,281	7,606
Supplies	3,964	3,455	2,744	10,163	5,482	3,442	3,824	12,748
Miscellaneous	2,554	2,227	1,768	6,549	1,340	841	935	3,116
Insurance	2,436	2,124	1,686	6,246	4,934	3,098	3,442	11,474
Rentals	2,549	2,222	1,765	6,536	2,810	1,764	1,961	6,535
Telephone	1,535	1,338	1,062	3,935	2,856	1,793	1,993	6,642
Travel and parking	1,520	1,325	1,052	3,897	1,235	776	862	2,873
Postage and shipping	744	649	515	1,908	555	348	387	1,290
Conferences, conventions and meetings	295	257	205	757	1,265	794	882	2,941
Printing and publications	187	163	130	480	941	591	656	2,188
Total expenses before depreciation and amortization	260,530	227,127	180,366	668,023	259,912	163,200	181,331	604,443
Depreciation and amortization	2,803	2,443	1,940	7,186	3,110	1,952	2,169	7,231
Total expenses	263,333	229,570	182,306	675,209	263,022	165,152	183,500	611,674
Community partners	310,279	-	-	310,279	268,062	-	-	268,062
Special allocations and other distributions	15,700	-	-	15,700	18,473	-	-	18,473
Payments to affiliated organizations	2,301	-	-	2,301	11,137	-	-	11,137
Total distributions	328,280	-	-	328,280	297,672	-	-	297,672
Total Expenditures	<u>\$ 591,613</u>	<u>\$ 229,570</u>	<u>\$ 182,306</u>	<u>\$ 1,003,489</u>	<u>\$ 560,694</u>	<u>\$ 165,152</u>	<u>\$ 183,500</u>	<u>\$ 909,346</u>

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 223,497	\$ 33,532
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in allowance for uncollectible pledges	13,000	(3,000)
Depreciation and amortization	7,186	7,231
Net realized and unrealized gains	(51,660)	(68,029)
Net increase in trust values	(45,892)	(30,616)
Cash disbursed from agency transactions	(5,881)	(65,660)
Amortization of right-of-use operating asset	31,979	36,376
Imputed interest on operating lease liability	7,961	2,024
(Increase) decrease in operating assets:		
Campaign pledges receivable	(41,734)	38,631
Other assets	(310,064)	1,782
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	9,029	(4,259)
Community partners payable	31,938	(81,943)
Donor designations payable	42,080	(646)
Operating lease liability	(39,600)	(39,600)
NET CASH USED IN OPERATING ACTIVITIES	(128,161)	(174,177)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(142,693)	(110,000)
Proceeds from sale of investments	218,764	187,302
Purchase of property and equipment	(2,431)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	73,640	77,302
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on finance lease liability	(3,300)	(3,322)
NET CASH USED IN FINANCING ACTIVITIES	(3,300)	(3,322)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,821)	(100,197)
CASH AND CASH EQUIVALENTS:		
Beginning of year	163,558	263,755
End of year	<u>\$ 105,737</u>	<u>\$ 163,558</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash operating activities:		
Adoption of ASU No. 2016-02 (Topic 842)		
Right-of-use assets and lease liabilities	\$ -	\$ 219,424

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 – NATURE OF ORGANIZATION:

Middlesex United Way, Inc. (the Organization) is an incorporated nonprofit organization. The Organization provides funding, collaborative effort, technical assistance and volunteer support to health and human service programs and agencies addressing community needs throughout Middlesex County, Connecticut.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Method of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Going Concern – Substantial Doubt Alleviated:

As indicated in the accompanying financial statements, the Organization incurred negative cash flows from operations totaling \$128,161 and \$174,177 for the years ended June 30, 2024, and 2023, respectively. Additionally, the Organization's net campaign revenue decreased approximately 6%, while total distributions increased approximately 10%. These factors, as well as the uncertain conditions that the Organization faces regarding future giving trends, create uncertainty about the Organization's ability to continue as a going concern within one year after the date that the financial statements were available to be issued.

Management and the board of directors of the Organization have evaluated these conditions and believes that it has sufficient resources to alleviate this uncertainty. During the year ended June 30, 2024, the Organization had an increase in net assets of \$223,497 and an increase in net assets from operations of \$66,919, which includes ERC credits of \$273,806. As of June 30, 2024, the Organization had financial assets available to meet cash needs for general expenditures within one year of \$765,268 (see Note 18), which exceeds its current liabilities at June 30, 2024, of approximately \$590,000. The Organization also has access, if needed, to a \$200,000 line of credit which had no outstanding balance at June 30, 2024.

The Organization has additionally approved a plan to a) maintain the current levels of distributions to stabilize and build growth, b) continue to limit withdrawals from investment accounts to the annual spending policy, c) control operating expenses to avoid negative cash flows from operations, d) and create new opportunities for funding special events, campaigns, and grants to build current funding sources. As a result of this plan and the factors outlined above, management and the board of directors believe the doubts of the Organization's ability to continue as a going concern have been alleviated.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Recently Adopted Accounting Pronouncements:

Effective July 1, 2022, the Organization adopted the FASB ASU No. 2016-02, *Leases*, and all related amendments (collectively referred to as Topic 842). The most significant changes under Topic 842 include clarification of the definition of a lease, requirements for lessees to recognize right-of-use (ROU) lease assets and lease liabilities in the statement of financial position for all qualifying leases with terms exceeding twelve months, and requirements for additional disclosures in the financial statements.

The Organization elected to adopt the transition relief provisions in Topic 842 and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts or disclosures. The Organization has also elected the package of practical expedients permitted under the transition guidance within Topic 842, which allows the Organization not to reassess the following for leases existing as of the adoption date: (a) whether contracts are, or contain, leases; (b) the classification of leases; or (c) initial direct costs. The adoption of Topic 842 resulted in the recognition of ROU lease assets and liabilities totaling \$219,424 and did not required a cumulative effect adjustment to the opening balance of net assets as of July 1, 2022.

Net Assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. At June 30, 2024 and 2023, there were no board designated net assets.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restriction. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy (see Note 13).

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue Recognition:

The Organization recognizes revenue and support from contributions and grants in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605. The Organization derives and recognizes revenue as follows:

Campaign, Other Contribution Revenue and Amounts Raised by Other Agencies – The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period made or received. Contributions received are reported as either revenues without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There was no conditional campaign and contribution revenue for the years ended June 30, 2024 and 2023.

Government Grants – Certain Government grants received by a not-for-profit organization are generally considered contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Organization. Promises to give that are subject to donor-imposed conditions are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor (see Note 17).

Contributed nonfinancial assets – Contributions of goods, services and property and equipment are recorded as contributions at their fair values on the date of donation. Contributed services are recognized as contributions if they meet the criteria established by U.S. GAAP, as follows, the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers have donated significant amounts of time to the Organization's program services and to its fundraising campaigns, however, the services provided by these volunteers do not meet the criteria established by US GAAP, and accordingly, no amounts have been recognized in the statements of activities.

The Organization recognizes revenue the following revenue and support in accordance with FASB ASU 2014-09. All exchange transactions and contracts with customers have one single performance obligation. The Organization derives and recognizes revenue as follows:

Service Fee Revenue – The Organization receives service fee revenue for its administrative functions related to designations and agency transactions. Such fees are recorded over time as the related administrative services are provided.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue Recognition (continued):

Special Events – The Organization hosts fundraising special events throughout the year whereby the Organization receives revenue through contributions, sponsorships and ticket sales. Management has determined that sponsorships are voluntary, nonreciprocal transfers; therefore sponsorships are recognized when received or committed. Special events ticket sales contain only one performance obligation and revenue is recognized when the performance obligation is satisfied (upon event taking place). Special events contributions and sponsorships are not within the scope of ASU 2014-09. Revenues received for future events are deferred until the date of the event.

Use of Estimates:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Campaign Pledges Receivable:

Campaign pledges receivable represent unconditional promises to give. A contribution in the form of an unconditional promise to give is recognized as revenue by the Organization in the period in which the promise is received. Material campaign pledges receivable that are expected to be collected in future years, if any, are recorded at the present value of estimated future cash flows. When necessary, an allowance for campaign pledges receivable is recorded based on management's evaluation of potential uncollectible unconditional promises at year-end (see Note 4).

Investments:

Investments are reported at fair value in the statements of financial position. Investment income or expense, including gains and losses (both realized and unrealized) on investments, interest and dividends are included in the statements of activities as increases or decreases in net assets without donor restrictions unless donor or other relevant law directs otherwise. Any losses that are donor restricted for an endowment fund should first reduce net assets with restrictions, any remaining losses should reduce net assets without donor restrictions.

Subsequent gains should be recorded as increases in net assets without donor restrictions until the total amount of gains offsets the amount of the losses previously recorded as decreases in net assets without donor restrictions.

Donated investments are reflected as contributions at their market values at date of receipt.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Endowment:

The Organization's donor restricted endowment consists of two funds which were established for the purpose of providing general operational support for the Organization. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions (see Note 7).

Interpretation of relevant law – The Board has determined that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the Organization's endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional duties on those who manage and invest charitable funds.

These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

The Organization classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of the gifts donated to the donor restricted endowment and the original value of subsequent gifts to the donor restricted endowment.

Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor stipulated purpose within the standard of prudence prescribed by UPMIFA.

Investment policy statement – The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The asset pools in which the endowment funds are invested require current income which is the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions, and capital growth for long term growth and sustainability.

Spending policy statement – In making expenditures from endowment funds, the Board of Directors complies first with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from endowment funds, the Board takes into account all relevant considerations, including, but not limited to, the long and short-term needs of the Organization in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The Board conducts an annual analysis of the historic dollar value of the endowment funds and has approved a spending policy whereby a portion of interest and dividends on donor-restricted endowment funds are appropriated for expenditure annually.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Endowment (continued):

Underwater endowment funds – The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization complies with UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Organization has no underwater endowment funds at June 30, 2024 and 2023.

Fair Value of Financial Instruments:

The Organization has a number of financial instruments and none are held for trading purposes. The Organization estimates that the fair value of all financial instruments as of June 30, 2024 and 2023 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The Organization, using available market information and appropriate valuation methodologies, has determined the estimated fair value amounts (see Note 16). Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Property and Equipment:

Expenditures for property and equipment the fair value of donated assets are capitalized on the statements of financial position. Depreciation and amortization is computed over the estimated useful lives of the assets which are between five and seven years using the straight-line method. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in operations.

Income Tax:

The Organization is a Connecticut not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the United States of America Internal Revenue Code. Accordingly, no provision for income taxes has been provided in the accompanying financial statements. The Organization files an informational return in the US Federal jurisdiction. The Organization's federal information returns generally remain open for examination by the tax authorities for the prior three years.

Marketing and Advertising:

Marketing and advertising costs are expensed as incurred. Such costs totaled \$15,989 and \$7,606 for the years ended June 30, 2024 and 2023, respectively.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Functional Allocation of Expenses:

The financial statements present expenses by function and natural classification. Expenses directly attributable to a specific function of the Organization are reported as expenses of those function areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other support services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Intermediate Measure of Operations:

The Organization has presented the statements of activities based on an intermediate measure of operations. The change in net assets from operations in the statements of activities includes all revenues and expenses that are an integral part of the Organization's programs and supporting activities and net assets released from restriction to support operating expenditures. The measure of operations excludes investment income.

Agency Transactions:

Funds received and disbursed by the Organization which are considered agency transactions are recorded as increases and decreases to the appropriate asset and liability accounts rather than increases and decreases in the Organization's net assets (see Note 11).

Donor Designated Pledges:

The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and management and general fees based on actual historical costs in accordance with the United Way of America Membership Standards as outlined in their publication titled *United Way of America Cost Deduction Requirements for Membership Standard M*.

Leases:

The Organization determines if an arrangement is a lease at inception. ROU lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU lease assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The ROU lease asset includes any base lease payments made in advance and excludes non-lease components. Variable lease payments are not included in the measurement of the Organization's lease liabilities as they cannot be reasonably estimated and are recognized in the period in which the obligation for those payments is incurred.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Leases (continued):

The Organization has elected to apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less. When the Organization's leases do not provide an implicit interest rate, the Organization utilizes its incremental borrowing rate as of the lease commencement date in determining the present value of lease payments.

Reclassifications:

Certain amounts as of June 30, 2023 have been reclassified to conform to the June 30, 2024 presentation. The reclassifications have no material effect on the financial statements.

Subsequent Events:

Management has evaluated subsequent events through June 17, 2025, the date which the financial statements were available for issue.

NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS:

Disaggregation of Revenue from Contracts with Customers:

The following table disaggregates the Organization's revenue and support for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers:		
Satisfied over time:		
Service fee revenue	\$ 1,368	\$ 17,524
Satisfied at a point in time:		
Special events	35,611	5,831
Other revenue and support:		
Net campaign revenue	685,669	738,884
Other contributions and income	<u>347,760</u>	<u>49,814</u>
	<u>\$ 1,070,408</u>	<u>\$ 812,053</u>

There were no accounts receivable or deferred revenue recognized from contracts with customers as of June 30, 2024, 2023 and 2022.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 – CAMPAIGN PLEDGES RECEIVABLE:

Campaign pledges receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Campaign 2024	\$ 286,489	\$ -
Campaign 2023	84,302	291,153
Campaign 2022	<u>-</u>	<u>37,904</u>
Total receivable	370,791	329,057
Allowance for uncollectible pledges:		
Campaign 2024	50,000	-
Campaign 2023	50,000	50,000
Campaign 2022	<u>-</u>	<u>37,000</u>
Total allowance	<u>100,000</u>	<u>87,000</u>
Net campaign pledges receivable	<u><u>\$ 270,791</u></u>	<u><u>\$ 242,057</u></u>

It is the Organization's policy to establish an allowance for uncollectible pledges based on a percentage of annual campaign support. This percentage is reviewed annually and adjusted when necessary based on actual collections and present economic conditions. For the 2024 and 2023 campaign, an allowance of approximately 13% and 10% was used, respectively. The pledges receivable at June 30, 2024 and 2023 are all due within one year.

NOTE 5 – CONCENTRATIONS OF CREDIT RISK:

Concentration of Credit Risk Due to Geographical Location:

The Organization receives substantially all of its pledges from businesses and individuals located in Middlesex County, Connecticut. Collection of these pledges is therefore affected by local economic conditions.

Concentration of Credit and Market Risk:

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents are maintained at high-quality financial institutions and credit exposure is not limited to any one institution. The Organization has not experienced any losses on its cash and cash equivalents. The Organization maintains its cash balances at several financial institutions in Connecticut. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the years ended June 30, 2024 and 2023, cash may have exceeded the coverage limit. At June 30, 2024 and 2023, there were no uninsured cash balances.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 – CONCENTRATIONS OF CREDIT RISK (Continued):

Concentration of Credit and Market Risk (continued):

The Organization, using available market information and appropriate valuation methodologies, has determined the estimated fair market values (see Note 16). Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Concentration of Credit Risk Due to Major Donors:

For the year ended 2024 campaign, approximately 31% and 12% of the Organization's support was provided by contributions from two local corporations through its employee campaign and corporate gifts. As of June 30, 2024, approximately 18%, 13% and 10% of the Organization's campaign pledges receivable were due to the Organization from three local corporations.

For the year ended June 30, 2023 campaign, approximately 28% and 12% of the Organization's revenue and support was provided by contributions from two local corporations through its employee campaign and corporate gifts. As of June 30, 2023, approximately 25%, 24%, 18% and 12% of the Organization's campaign pledges receivable were due to the Organization from four local corporations.

NOTE 6 – INVESTMENTS:

Investments, at fair value, consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Marketable securities	\$ 566,859	\$ 603,697
Endowed marketable securities	<u>211,718</u>	<u>199,291</u>
	<u>\$ 778,577</u>	<u>\$ 802,988</u>

Investment income is comprised of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Dividend income	\$ 35,930	\$ 6,234
Investment advisory fees	(3,919)	(3,975)
Net realized and unrealized gains on investments	<u>51,660</u>	<u>68,029</u>
Total investment return	<u>\$ 83,671</u>	<u>\$ 70,288</u>

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 – ENDOWMENT FUNDS:

The Organization's donor restricted endowment consists of two funds, which were established for the purpose of providing general operational support for the Organization. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All of the Organization's endowment funds are with donor restrictions.

The following summarizes changes in endowment net assets for the years ended June 30:

Endowment net assets, July 1, 2022	\$ 190,615
Investment gains	17,651
Appropriation	(8,975)
Endowment net assets, June 30, 2023	199,291
Investment gains	21,338
Appropriation	(8,911)
Endowment net assets, June 30, 2024	<u>\$ 211,718</u>

NOTE 8 – BENEFICIAL INTEREST IN TRUSTS:

The Organization has been the recipient of several perpetual trusts held by various financial institutions. The trust agreements indicate that the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity.

The Organization will never receive the assets of the trust so the trusts are therefore recorded as net assets with donor restrictions. The trusts are recorded at fair market value as determined by the Trustees, which totaled \$721,550 and \$675,658 as of June 30, 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023, current distributions from the trusts of \$27,015 and \$29,921 respectively, are included in net assets without donor restrictions as investment income. The change in the fair market value in excess of distributions of \$45,892 and \$30,616, respectively, is recorded in net assets with donor restrictions as net increase in trust values.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 – PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Property and equipment	\$ 66,988	\$ 66,988
Software	14,087	11,656
Accumulated depreciation and amortization	<u>(67,997)</u>	<u>(60,811)</u>
	<u>\$ 13,078</u>	<u>\$ 17,833</u>

NOTE 10 – LINE OF CREDIT:

The Organization has a revolving line of credit from a financial institution which carries a limit of \$200,000 with variable interest at the Wall Street prime rate (8.50% and 8.25% at June 30, 2024 and 2023, respectively). Interest on the line of credit is payable monthly. At June 30, 2024 and 2023, there was no outstanding balance on the line of credit.

NOTE 11 – AGENCY FUNDS:

Funds received and disbursed by the Organization which are considered agency transactions are recorded as increases and decreases to the appropriate asset and liability accounts rather than increases and decreases in the Organization's net assets. Balances of agency funds are included in accounts payable and accrued expenses and are as follows at June 30:

	<u>2024</u>	<u>2023</u>
United Women	\$ 27,384	\$ -
Community Thanksgiving Project	15,466	7,762
Coalition on Housing	7,282	7,282
Miscellaneous Other Programs	1,450	2,516
Middlesex Racial Justice Coalition	48	39,792
Middletown Early Childhood Program	<u>-</u>	<u>159</u>
	<u>\$ 51,630</u>	<u>\$ 57,511</u>

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 12 – DONOR DESIGNATIONS PAYABLE:

Donor designations represent cash contributions the Organization received that were passed through to the appropriate agency as specified by the donor. The total donor designated pledges received during the current year campaign will be paid in the following fiscal year as the funds are received. For the years ending June 30, 2024 and 2023, donor designations payable on the statements of financial position are stated net of the related service fees of \$4,202 and \$10,496, respectively.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS:

The Organization internally accounts for all net assets in accordance with the donors original intent as provided for in the gift instrument, as follows:

Donor-Imposed Purpose or Time – Represents funds for which the spending is designated for specified purpose or period.

Perpetual – Represents funds which have donor-imposed restrictions that require the principal to be maintained in perpetuity but permits the Organization to expense the income earned thereon in accordance with its spending policy.

Net assets with donor restrictions are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Donor-Imposed Purpose or Time:		
Homelessness prevention	\$ 10,300	\$ 22,551
Women’s initiative program	8,569	8,569
Young leaders group	3,662	3,662
	<u>22,531</u>	<u>34,782</u>
Perpetual:		
Endowment funds (including earnings thereon)	211,718	199,291
Beneficial interest in trust	721,550	675,658
	<u>933,268</u>	<u>874,949</u>
Total net assets with donor restrictions	<u>\$ 955,799</u>	<u>\$ 909,731</u>

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS (Continued):

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restriction are as follows:

	<u>2024</u>	<u>2023</u>
Homelessness prevention	\$ 15,200	\$ 16,310
Endowment earnings appropriated for expenditure	8,911	8,975
Women’s initiative program	-	987
Young leaders group	-	45
	<u>\$ 24,111</u>	<u>\$ 26,317</u>

NOTE 14 – PENSION PLAN:

The Organization has a defined contribution pension plan in place covering substantially all employees. The Organization’s contribution is based on 7% of each eligible participant’s monthly compensation as defined by the Plan. Employees are fully and immediately vested in all contributions from their date of participation in the Plan. Pension expense amounted to \$14,951 and \$18,938 the years ending June 30, 2024 and 2023, respectively, and is included in employee benefits on the statements of functional expenses.

NOTE 15 – LEASES:

The Organization has a non-interest bearing lease for computer equipment. The lease calls for a monthly payment of \$275 through September 30, 2026. This obligations are treated as a finance lease and has been recorded in the accompanying financial statements at the value of future minimum payments. The capitalized cost of \$16,500 less accumulated amortization of \$9,075 and \$5,775 is included in property and equipment at June 30, 2024 and 2023, respectively.

Amortization expense relating to this equipment totaled \$3,300 and \$2,475 for the years ended June 30, 2024 and 2023, respectively. Total payments made for both the years ended June 30, 2024 and 2023 related to this lease totaled \$3,300. The balance on the finance lease totaled \$7,403 at June 30, 2024 and \$10,703 at June 30, 2023.

The Organization leases office space under a lease agreement most recently amended on September 1, 2023 and expiring on November 30, 2028. The base rent is \$3,300 per month through November 30, 2024, \$3,400 through November 30, 2026, and \$3,500 through November 30, 2028. Rental expense for the years ended June 30, 2024 and 2023 totaled \$39,940 and \$39,600, respectively.

The Organization leases office equipment under operating leases that are month-to-month. For the years ended June 30, 2024 and 2023, expense under these leases amounted to \$3,236 and \$3,235, respectively.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 15 – LEASES (Continued):

Leases were classified as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Assets:		
Finance lease right-of-use asset	\$ 7,425	\$ 10,725
Operating lease right-of-use asset	151,069	183,048
Liabilities:		
Current:		
Finance lease liability, current	3,300	3,300
Operating lease liability, current	29,570	31,980
Noncurrent:		
Finance lease liability, net	4,103	7,403
Operating lease liability, net	122,339	151,568

Future minimum lease payments for each of the years succeeding June 30, 2024 under non-cancelable operating leases are as follows:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2025	\$ 40,300	\$ 3,300	\$ 43,600
2026	40,800	3,300	44,100
2027	41,500	803	42,303
2028	42,000	-	42,000
2029	17,500	-	17,500
	<u>182,100</u>	<u>7,403</u>	<u>189,503</u>
Less: Imputed interest	(30,191)	-	(30,191)
Less: current portion	<u>(29,570)</u>	<u>(3,300)</u>	<u>(32,870)</u>
	<u>\$ 122,339</u>	<u>\$ 4,103</u>	<u>\$ 126,442</u>

The components of lease expense included in occupancy and rentals on the statements of functional expenses are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 39,940	\$ 39,600
Finance lease costs	3,300	3,300
Short-term lease costs	<u>3,236</u>	<u>3,235</u>
	<u>\$ 46,476</u>	<u>\$ 46,135</u>

As of June 30, 2024 and 2023, the remaining operating lease terms were 4.4 and 5.4 years, respectively, and the discount rate was 8.25% and 5.5%, respectively.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 16 – FAIR VALUE MEASUREMENTS:

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which established a framework for identifying and measuring fair value. FASB ASC 820 provides a fair value hierarchy, giving the highest priority to quoted prices in active markets, and is also applied to fair value measurements of derivative contracts that are subject to mark to market accounting and other assets and liabilities reported at fair value.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and established a fair value hierarchy that distinguishes between assumptions based on market data obtained from independent sources and those based on the entity's own assumptions. The hierarchy prioritizes the inputs to fair value measurements into three levels.

Level 1 – measurements utilize unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access. These consist primarily of listed equity securities; exchange traded fixed income securities, derivatives and certain U.S. government treasury securities.

Level 2 – measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals. These consist primarily of non-exchange traded derivatives such as swaps, forward contracts of options and most fixed income securities.

Level 3 – measurements use unobservable inputs for assets or liabilities, are based on the best information available and might include the entity's own data.

In some valuations, the inputs used may fall into different levels of hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These consist mainly of assets and liabilities valued through an internal modeling process.

The following section describes the valuation methodologies used by the Organization to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes the details of the valuation models, the key inputs to those models, and any significant assumptions.

Available-for-Sale Securities – the Organization uses pricing computed by the custodian based on the quoted market prices of the securities underlying accounts to determine fair value for these classes of securities. Since these financial assets consist of exchange traded fixed income and mutual fund securities, they are classified in Level 1 of the financial hierarchy.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 16 – FAIR VALUE MEASUREMENTS (Continued):

Endowment – the Organization’s Endowment investments consist of a variety of stock and fixed income mutual funds. The fair value of the assets are determined from information provided by the Community Foundation of Middlesex County (CFMC) based on the Organization’s undivided interests in the portfolio. A substantial portion of the underlying assets at CFMC are measured at fair value using Level 1 and Level 2 inputs; therefore, such assets are categorized as Level 2, the lowest level that is significant to the fair value measurement.

Beneficial interest in trusts – the Organization’s beneficial interest in trusts is valued based upon their undivided interests in these portfolios held by the respective trust. A substantial portion of the underlying assets are measured at fair value using Level 1 and Level 2 inputs. The undivided interests in these portfolios are not themselves publicly traded nor can they be valued based on observable direct or indirect inputs; therefore, they are reported as Level 3.

The following tables present information about the Organization’s respective assets measured at fair value on a recurring basis at June 30, 2024 and 2023, including the fair value measurements and the level of inputs used in determining those fair values:

June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trusts	\$ -	\$ -	\$ 721,550	\$ 721,550
Available-for-Sale Securities:				
Exchange traded funds	124,086	-	-	124,086
Mutual funds	442,773	-	-	442,773
Endowment - CFMC	-	211,718	-	211,718
	<u>\$ 566,859</u>	<u>\$ 211,718</u>	<u>\$ 721,550</u>	<u>\$ 1,500,127</u>

June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trusts	\$ -	\$ -	\$ 675,658	\$ 675,658
Available-for-Sale Securities:				
Exchange traded funds	105,448	-	-	105,448
Mutual funds	498,249	-	-	498,249
Endowment - CFMC	-	199,291	-	199,291
	<u>\$ 603,697</u>	<u>\$ 199,291</u>	<u>\$ 675,658</u>	<u>\$ 1,478,646</u>

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 16 – FAIR VALUE MEASUREMENTS (Continued):

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value positions that the Organization has classified within the Level 3 category. As a result, unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value were as follows for the years ended June 30, 2024 and 2023:

Balance July 1, 2022	\$ 645,042
Net increase in trust values	<u>30,616</u>
Balance June 30, 2023	675,658
Net increase in trust values	<u>45,892</u>
Balance June 30, 2024	<u><u>\$ 721,550</u></u>

NOTE 17 – EMPLOYEE RETENTION CREDIT:

The Employee Retention Credit (ERC) under the CARES Act encouraged businesses to keep employees on their payroll and provided eligible employers a refundable tax credit against the employer's share of social security taxes. The 2020 refundable tax credit was 50% of the first \$10,000 in wages per employee in each quarter of 2020 (maximum credit \$5,000 per employee per applicable quarter for each employee). The 2021 refundable tax credit was 70% of the first \$10,000 in wages per employee in each eligible quarter of 2021 (maximum credit \$7,000 per applicable quarter for each employee). During the year ended June 30, 2024, the Organization met the conditions for an ERC claim totaling \$273,806, which is classified as other revenue and support in the accompanying statements of activities. The full claim was not received prior to June 30, 2024 and is included in other assets in the accompanying statements of financial position. Subsequent to June 30, 2024, the Organization has received partial payments in the amount of \$202,978.

NOTE 18 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

Financial assets are considered unavailable when illiquid or not convertible to cash within one year, state required annuity reserves, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appreciations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

MIDDLESEX UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 18 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued):

The following table reflects the Organization’s financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 105,737	\$ 163,558
Campaign pledges receivable, net	270,791	242,057
Investments	566,859	603,697
Investments held for endowment purposes	211,718	199,291
Beneficial interest in trusts	721,550	675,658
Financial assets, at year end	<u>1,876,655</u>	<u>1,884,261</u>
Less those unavailable for general expenditure within one year, due to:		
Agency funds	(51,630)	(57,511)
Donor designations payable, net	(103,957)	(61,877)
Net assets with donor restrictions	<u>(955,799)</u>	<u>(909,731)</u>
	<u>(1,111,386)</u>	<u>(1,029,119)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 765,269</u>	<u>\$ 855,142</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$200,000, which it could draw upon.

NOTE 19 – RISKS AND UNCERTAINTIES:

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statements of financial position.

ADDITIONAL INFORMATION

MIDDLESEX UNITED WAY, INC.

SCHEDULE I - SCHEDULE OF COMMUNITY PARTNER GRANTS

YEARS ENDED JUNE 30, 2024 AND 2023

	Approved <u>2024</u>	Approved <u>2023</u>	Paid <u>2023</u>
Health	\$ 96,000	\$ 106,000	\$ 89,500
Housing	64,000	48,000	48,000
Income	18,000	44,000	48,500
Youth	66,000	35,500	50,625
Racial equity and inclusion	6,000	17,000	24,250
Education	26,000	9,000	11,750
211/ infoline	24,000	8,562	5,716
	<u>\$ 300,000</u>	<u>\$ 268,062</u>	<u>\$ 278,341</u>

MIDDLESEX UNITED WAY, INC.

SCHEDULE II - SCHEDULE OF SPECIAL ALLOCATIONS AND OTHER DISTRIBUTIONS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Middlesex County homeless prevention	\$ 15,200	\$ 16,310
Additional allocations	500	1,131
Women's initiative grant	-	987
Young leaders group	-	45
	<u>\$ 15,700</u>	<u>\$ 18,473</u>