



FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

UNITED WAY OF TRI-COUNTY, INC.

Contents
June 30, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors of
United Way of Tri-County, Inc.:

Opinion

We have audited the financial statements of United Way of Tri-County, Inc. (a Massachusetts nonprofit corporation) (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Tri-County, Inc. as of June 30, 2023 and 2022, 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 (GAAS). 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 the Organization 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.

Emphasis of Matter – Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, effective July 1, 2022, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, using the optional transition method which does not require prior period to be recast. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Boston, Massachusetts
January 17, 2024

UNITED WAY OF TRI-COUNTY, INC.

 Statements of Financial Position
 June 30, 2023 and 2022

Assets	2023	2022
Current Assets:		
Cash	\$ 1,187,186	\$ 1,258,665
Pledges receivable, net of allowances for uncollectible pledges of approximately \$31,000 and \$13,000 at June 30, 2023 and 2022, respectively	507,542	642,248
Designations receivable, net of allowances for uncollectible designations of approximately \$219,000 and \$368,000 at June 30, 2023 and 2022, respectively	350,212	829,904
Accounts receivable	4,258	103,398
Grants receivable	319,416	66,666
Current portion of contribution receivable - charitable lead trust	25,000	25,000
Inventory, net	7,595	6,623
Prepaid expenses	29,277	19,726
Total current assets	<u>2,430,486</u>	<u>2,952,230</u>
Investments	506,088	480,743
Contribution Receivable - Charitable Lead Trust, net of current portion	85,203	103,346
Property and Equipment, net	2,611,069	2,766,438
Construction in Progress	75,560	-
Right-of-Use Assets - Finance	173,022	-
Right-of-Use Assets - Operating	361,115	-
Security Deposits	12,115	12,115
Total assets	<u>\$ 6,254,658</u>	<u>\$ 6,314,872</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of long-term debt	\$ 63,415	\$ 60,287
Current portion of deferred revenue	21,500	21,500
Current portion of finance lease liabilities	33,069	-
Current portion of operating lease liabilities	164,447	-
Accounts payable, accrued expenses and other	133,839	159,118
Accrued designations	350,212	829,904
Designations payable	355,799	293,702
Total current liabilities	<u>1,122,281</u>	<u>1,364,511</u>
Long-Term Debt, net of current portion	832,784	897,390
Finance Lease Liabilities, net of current portion	143,285	-
Operating Lease Liabilities, net of current portion	202,628	-
Deferred Revenue, net of current portion	43,000	64,500
Total liabilities	<u>2,343,978</u>	<u>2,326,401</u>
Net Assets:		
Without donor restrictions:		
Operating	1,857,868	1,937,499
Property and equipment	1,716,638	1,722,761
Board designated	104,817	84,817
Total without donor restrictions	<u>3,679,323</u>	<u>3,745,077</u>
With donor restrictions	231,357	243,394
Total net assets	<u>3,910,680</u>	<u>3,988,471</u>
Total liabilities and net assets	<u>\$ 6,254,658</u>	<u>\$ 6,314,872</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF TRI-COUNTY, INC.

 Statement of Activities
 For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Gross campaign results	\$ 2,088,944	\$ -	\$ 2,088,944
Less - donor designations, net of service fees of \$242,774	706,011	-	706,011
Less - provision for uncollectible pledges and designations	250,317	-	250,317
Net campaign revenue	<u>1,132,616</u>	<u>-</u>	<u>1,132,616</u>
Product Philanthropy:			
Donated products	752,515	-	752,515
Less - cost of goods donated to the community	753,487	-	753,487
	(972)	-	(972)
Portage fees and other sales	277,210	-	277,210
Net product philanthropy	<u>276,238</u>	<u>-</u>	<u>276,238</u>
Other public support and revenues:			
Donated goods and services	4,848,421	-	4,848,421
Grants and contributions	1,470,962	609	1,471,571
Management fees	1,395,708	-	1,395,708
Service fees	242,774	-	242,774
Special events	169,913	-	169,913
Miscellaneous income	81,397	-	81,397
Investment earnings used for operations under the spending policy	6,646	-	6,646
Net assets released from program restrictions	105	(105)	-
Net assets released from time restrictions	25,000	(25,000)	-
Total other public support and revenues	<u>8,240,926</u>	<u>(24,496)</u>	<u>8,216,430</u>
Total public support and revenues	<u>9,649,780</u>	<u>(24,496)</u>	<u>9,625,284</u>
Operating Expenses:			
Program services:			
Allocations	188,003	-	188,003
United Way distribution services	1,283,967	-	1,283,967
Call center	956,566	-	956,566
Food security	5,851,530	-	5,851,530
Other program services	400,351	-	400,351
Total program services	<u>8,680,417</u>	<u>-</u>	<u>8,680,417</u>
Supporting services:			
General and administrative	536,345	-	536,345
Fundraising	543,621	-	543,621
Total supporting services	<u>1,079,966</u>	<u>-</u>	<u>1,079,966</u>
Total operating expenses	<u>9,760,383</u>	<u>-</u>	<u>9,760,383</u>
Changes in net assets from operations	(110,603)	(24,496)	(135,099)
Non-Operating Revenue (Expenses):			
Investment return, net	44,849	12,248	57,097
Change in value of charitable lead trust	-	6,857	6,857
Investment earnings used for operations under the spending policy	-	(6,646)	(6,646)
Changes in net assets	<u>\$ (65,754)</u>	<u>\$ (12,037)</u>	<u>\$ (77,791)</u>

UNITED WAY OF TRI-COUNTY, INC.

 Statement of Activities
 For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Gross campaign results	\$ 2,786,639	\$ -	\$ 2,786,639
Less - donor designations, net of service fees of \$309,135	1,123,606	-	1,123,606
Less - provision for uncollectible pledges and designations	381,247	-	381,247
Net campaign revenue	1,281,786	-	1,281,786
 Product Philanthropy:			
Donated products	951,527	-	951,527
Less - cost of goods donated to the community	953,367	-	953,367
	(1,840)	-	(1,840)
Portage fees and other sales	327,970	-	327,970
Net product philanthropy	326,130	-	326,130
 Other public support and revenues:			
Donated goods and services	4,574,640	-	4,574,640
Grants and contributions	1,285,098	591	1,285,689
Management fees	1,352,843	-	1,352,843
Service fees	309,135	-	309,135
Special events	193,446	-	193,446
Miscellaneous income	68,015	-	68,015
Investment earnings used for operations under the spending policy	6,326	-	6,326
Net assets released from program restrictions	95	(95)	-
Net assets released from time restrictions	25,000	(25,000)	-
Total other public support and revenues	7,814,598	(24,504)	7,790,094
 Total public support and revenues	9,422,514	(24,504)	9,398,010
 Operating Expenses:			
Program services:			
Allocations	213,440	-	213,440
United Way distribution services	1,244,171	-	1,244,171
Call center	1,442,842	-	1,442,842
Food security	5,204,567	-	5,204,567
Other program services	502,949	-	502,949
Total program services	8,607,969	-	8,607,969
 Supporting services:			
General and administrative	430,800	-	430,800
Fundraising	622,089	-	622,089
Total supporting services	1,052,889	-	1,052,889
 Total operating expenses	9,660,858	-	9,660,858
 Changes in net assets from operations	(238,344)	(24,504)	(262,848)
 Non-Operating Revenue (Expenses):			
Capital grants	100,000	-	100,000
Investment return, net	(78,807)	(31,403)	(110,210)
Change in value of charitable lead trust	-	(18,101)	(18,101)
Investment earnings used for operations under the spending policy	-	(6,326)	(6,326)
 Changes in net assets	\$ (217,151)	\$ (80,334)	\$ (297,485)

The accompanying notes are an integral part of these statements.

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UNITED WAY OF TRI-COUNTY, INC.

Statements of Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2021	\$ 3,962,228	\$ 323,728	\$ 4,285,956
Changes in net assets	<u>(217,151)</u>	<u>(80,334)</u>	<u>(297,485)</u>
Balance, June 30, 2022	3,745,077	243,394	3,988,471
Changes in net assets	<u>(65,754)</u>	<u>(12,037)</u>	<u>(77,791)</u>
Balance, June 30, 2023	<u><u>\$ 3,679,323</u></u>	<u><u>\$ 231,357</u></u>	<u><u>\$ 3,910,680</u></u>

UNITED WAY OF TRI-COUNTY, INC.

 Statements of Cash Flows
 For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (77,791)	\$ (297,485)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Provision for uncollectible pledges and designations	250,317	381,247
Depreciation and amortization	226,303	203,745
Capital grants	-	(100,000)
Investment return, net	(57,097)	110,210
Deferred revenue	(21,500)	(21,500)
Non-cash lease expense	5,960	-
Change in value of charitable lead trust	(6,857)	18,101
Changes in operating assets and liabilities:		
Pledges receivable	103,219	(158,227)
Designations receivable	260,862	(1,181,535)
Accounts receivable	99,140	(62,288)
Grants receivable	(252,750)	370,120
Contribution receivable - charitable lead trust	25,000	25,000
Inventory	(972)	1,840
Prepaid expenses	(9,551)	(4,274)
Accounts payable, accrued expenses and other	(25,279)	(18,739)
Accrued designations	(479,692)	813,785
Designations payable	62,097	255,974
Conditional grant advance	-	(100,000)
Net cash provided by operating activities	<u>101,409</u>	<u>235,974</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	166,490	117,468
Purchase of investments	(134,738)	(126,659)
Increase in construction in progress	(75,560)	-
Purchase of property and equipment	(44,939)	(253,146)
Net cash used in investing activities	<u>(88,747)</u>	<u>(262,337)</u>
Cash Flows from Financing Activities:		
Capital grants	-	100,000
Principal payments on long-term debt	(61,478)	(254,920)
Payments on finance lease obligations	(22,663)	-
Net cash used in financing activities	<u>(84,141)</u>	<u>(154,920)</u>
Net Change in Cash	(71,479)	(181,283)
Cash:		
Beginning of year	<u>1,258,665</u>	<u>1,439,948</u>
End of year	<u>\$ 1,187,186</u>	<u>\$ 1,258,665</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 54,172</u>	<u>\$ 52,798</u>
Unrealized gain (loss) on investments	<u>\$ 41,965</u>	<u>\$ (118,102)</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF TRI-COUNTY, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023									2022
	Program Services					Supporting Services				
	Allocations	United Way Distribution Services	Call Center	Food Security	Other Program Services	Total Program Services	General and Adminis- trative	Fundraising	Total Supporting Services	Total
Allocations:										
Allocations to agencies	\$ 104,817	\$ -	\$ -	\$ -	\$ -	\$ 104,817	\$ -	\$ -	\$ -	\$ 104,817
Designations to nonprofits and United Ways	83,186	-	-	-	-	83,186	-	-	-	83,186
Total allocations	188,003	-	-	-	-	188,003	-	-	-	188,003
Personnel and Related Costs:										
Salaries and wages	-	675,415	575,308	507,361	111,320	1,869,404	51,889	170,244	222,133	2,091,537
Fringe benefits	-	75,561	140,638	107,763	42,098	366,060	41,078	47,666	88,744	454,804
Payroll taxes	-	60,853	45,471	46,858	9,366	162,548	3,520	13,815	17,335	179,883
Total personnel and related costs	-	811,829	761,417	661,982	162,784	2,398,012	96,487	231,725	328,212	2,726,224
Other:										
Donated goods and services	-	-	-	4,660,806	37,615	4,698,421	-	-	-	4,698,421
Occupancy	-	277,281	47,427	97,809	7,692	430,209	108,987	6,546	115,533	545,742
Travel and conferences	-	8,682	4,366	145,865	3,405	162,318	20,709	15,972	36,681	198,999
Donated advertising	-	-	-	-	120,000	120,000	-	30,000	30,000	150,000
Supplies	-	28,117	11,724	47,971	3,927	91,739	46,268	8,550	54,818	146,557
Insurance	-	28,154	22,800	55,367	9,412	115,733	10,872	1,809	12,681	128,414
Computer/hosting fees	-	7,374	38,046	5,379	3,239	54,038	52,184	3,216	55,400	109,438
Professional fees and temporary labor	-	9,575	28,698	4,341	-	42,614	51,516	10,588	62,104	104,718
Food	-	2,568	-	46,848	14,345	63,761	402	35,942	36,344	100,105
Campaign expenses	-	-	-	-	-	-	-	91,571	91,571	91,571
Telephone	-	10,665	19,243	11,825	4,591	46,324	16,743	10,959	27,702	74,026
Special events	-	-	-	-	-	-	-	63,360	63,360	63,360
Interest	-	-	-	7,650	-	7,650	46,522	-	46,522	54,172
United Way dues	-	-	-	-	-	-	50,680	-	50,680	50,680
Equipment rental	-	6,915	3,370	12,564	7,161	30,010	2,436	6,537	8,973	38,983
Miscellaneous	-	2,781	6,201	3,100	15,275	27,357	9,601	1,011	10,612	37,969
Postage and printing	-	692	93	-	-	785	10,770	15,143	25,913	26,698
Grant expense	-	-	-	-	-	-	-	-	-	-
Total other	-	382,804	181,968	5,099,525	226,662	5,890,959	427,690	301,204	728,894	6,619,853
Depreciation and amortization	-	89,334	13,181	90,023	10,905	203,443	12,168	10,692	22,860	226,303
Total expenses	\$ 188,003	\$ 1,283,967	\$ 956,566	\$ 5,851,530	\$ 400,351	\$ 8,680,417	\$ 536,345	\$ 543,621	\$ 1,079,966	\$ 9,760,383

The accompanying notes are an integral part of these statements.

UNITED WAY OF TRI-COUNTY, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services					Supporting Services			
		United Way	Call	Food	Other	General		Total	
	Allocations	Distribution	Center	Security	Program	and	Fundraising	Supporting	Total
		Services			Services	Adminis-		Services	
						trative			
Allocations:									
Allocation to agencies	\$ 84,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,817
Designations to nonprofits and United Ways	128,623	-	-	-	-	-	-	-	128,623
Total allocations	213,440	-	-	-	-	-	-	-	213,440
Personnel and Related Costs:									
Salaries and wages	-	666,357	1,003,123	404,916	101,563	47,451	193,947	241,398	2,417,357
Fringe benefits	-	67,670	107,582	86,553	37,754	31,342	52,457	83,799	383,358
Payroll taxes	-	62,532	79,559	36,060	12,832	2,977	19,804	22,781	213,764
Total personnel and related costs	-	796,559	1,190,264	527,529	152,149	81,770	266,208	347,978	3,014,479
Other:									
Donated goods and services	-	-	-	4,252,461	172,179	-	-	-	4,424,640
Occupancy	-	213,987	41,014	75,877	7,477	82,792	10,304	93,096	431,451
Travel and conferences	-	5,710	-	106,506	2,966	12,046	12,572	24,618	139,800
Donated advertising	-	-	-	-	120,000	-	30,000	30,000	150,000
Supplies	-	12,688	4,081	39,042	282	36,158	48,902	85,060	141,153
Insurance	-	19,778	18,941	20,598	360	6,066	2,860	8,926	68,603
Computer/hosting fees	-	5,833	51,048	5,025	5,074	29,571	4,008	33,579	100,559
Professional fees and temporary labor	-	1,625	55,103	-	1,800	74,673	-	74,673	133,201
Food	-	18,351	16	85,321	647	3,433	29,843	33,276	137,611
Campaign expenses	-	-	-	-	-	-	114,933	114,933	114,933
Telephone	-	12,497	24,524	7,112	2,122	9,290	14,465	23,755	70,010
Special events	-	-	-	-	-	-	39,426	39,426	39,426
Interest	-	-	29,305	11,721	7,386	-	4,386	4,386	52,798
United Way dues	-	-	-	-	-	39,631	-	39,631	39,631
Equipment rental	-	8,821	6,413	4,512	5,460	703	8,876	9,579	34,785
Miscellaneous	-	46,194	9,225	3,183	13,402	29,400	11,522	40,922	112,926
Postage and printing	-	209	70	792	740	10,748	13,092	23,840	25,651
Grant expense	-	12,016	-	-	-	-	-	-	12,016
Total other	-	357,709	239,740	4,612,150	339,895	334,511	345,189	679,700	6,229,194
Depreciation	-	89,903	12,838	64,888	10,905	14,519	10,692	25,211	203,745
Total expenses	\$ 213,440	\$ 1,244,171	\$ 1,442,842	\$ 5,204,567	\$ 502,949	\$ 430,800	\$ 622,089	\$ 1,052,889	\$ 9,660,858

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

1. OPERATIONS AND NONPROFIT STATUS

United Way of Tri-County, Inc. (the Organization) was incorporated through the merging of five United Way organizations: the United Way of Assabet Valley, United Way of Neponset Valley, the United Way of Metro-West, the Westborough United Way, and the Clinton Community United Way. The Organization is one of 1,340 locally managed and operated United Way organizations in America. Today the Organization provides services to thousands of our neighbors and friends in thirty-four communities throughout Norfolk, Middlesex, and Worcester Counties, better known as the Metro-West/495 Corridor. Community investment is made through the funding of trusted community partner agencies and through direct service programming in the areas of Food Security, Information and Referral, Product Philanthropy, and Call2Talk, our Mental Health and Suicide and Prevention program. Specifically, the Organization operates three food pantries and two congregate meal programs in Framingham, Marlborough and Clinton, Massachusetts; operates the state-wide Mass 2-1-1 Information and Referral Hotline for the Commonwealth of Massachusetts (the Commonwealth) and operates the United Way Distribution Services Product warehouse in Framingham, Massachusetts. Day-to-day management of the Organization is the responsibility of the President and Chief Professional Officer who reports directly to the Board of Directors.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Adoption of New Accounting Standard

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The most significant change in the new lease guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. The Organization elected to adopt Topic 842 on July 1, 2022, using the optional transition method, and utilized all of the available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged.

The Organization elected to apply the following practical expedients and policy elections at adoption:

Practical expedient package	The Organization has elected for any expired or existing lease to skip reassessment of the following: <ul style="list-style-type: none">• Whether a contract is, or contain a lease;• the lease classification; and• the original treatment of the initial direct costs.
Hindsight practical expedient	The Organization has not elected the hindsight practical expedient, which permits the use of hindsight when determining lease term and impairment of operating lease assets.
Separation of lease and non-lease components	The Organization has elected to establish an accounting policy to account for lease and non-lease components as a single component for their real estate class of assets.

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard (Continued)

Short-term policy	The Organization has elected to establish a short-term lease exception policy, permitting the Organization to not apply the recognition requirements of the new standard to short-term leases (i.e., lease with terms of twelve months or less).
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The most significant impact of Topic 842 adoption was the recognition of a ROU asset and lease liability for an operating lease of \$429,463 and \$434,955, respectively, as of July 1, 2022, with differences in amounts being primarily comprised of deferred lease expense. The impact of the adoption was immaterial to the accompanying statements of activities and cash flows.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Organization considers all cash balances not included in its investment portfolio to be cash for purposes of the statements of cash flows.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible.

Grants Receivable

Grants receivable are reviewed by management and an allowance for doubtful accounts is established based on management's analysis of specific grants and their estimate of amounts that may become uncollectible, if any. There was no allowance for uncollectable grants recorded as of June 30, 2023 or 2022.

Inventory

The United Way Distribution Services program links Product Philanthropy (see Note 7) (office furniture, computers, supplies, etc.) donors, including Gifts In-Kind International and local companies and institutions throughout Central New England, to community partner agencies of the Organization who are in need of these supplies. At the time of the distribution of the goods, each distribution is recognized as a donation to the partner agency for the total fair market value of the distribution. Partner agencies pay a membership fee for participation in the program. In addition, each distribution is assessed a portage fee of 15% based on the fair market value of the total order. These fees are included in portage fees and other sales in the accompanying statements of activities.

Inventory consists of Product Philanthropy items received that have not been distributed to community partner agencies. This inventory is accounted for at the lower of donation value (see Note 7) (as determined by the first-in, first-out (FIFO) method) or market.

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory (Continued)

Inventory reserve is recorded in an amount that would bring the net inventory amount down to the expected sales price (portage fees). The inventory reserve was \$43,309 and \$37,801 as of June 30, 2023 and 2022, respectively.

Investments

Interest and dividends are recorded as investment return when earned. Gains and losses are recognized as incurred or based on fair value changes during the period.

Property and Equipment, Construction in Progress and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair value at the time of donation (see Note 4). Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Building	40 years
Leasehold improvements	10 years or life of lease
Furniture and equipment	3 - 7 years
Vehicles	5 years
Website development	3 years

Construction in progress of \$75,560 at June 30, 2023, consists of a project that was underway at year-end. This asset will begin to be depreciated when placed in service.

Grants and Allocations Payable

The Organization reserves the right to exercise variance authority over all grants and, as such, has no legal liability to pay the balance of any grant. Accordingly, grants and allocations are expensed based on predetermined payment schedules. Any grants and allocations that are due and not paid as of year-end in accordance with the predetermined payment schedule are recorded as a liability by the Organization.

Description of Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

Operating - represents funds available to carry on the operations of the Organization.

Property and Equipment - represents the net book value of the Organization's property and equipment, construction in progress and right-of-use assets, net of related debt and lease liabilities.

Board Designated - represents funds set aside by the Board of Directors for future allocations. These funds may only be used with the approval of the Board of Directors.

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Net Assets (Continued)

Net Assets With Donor Restrictions

The Organization receives contributions and grants that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity and only the investment income can be spent. Perpetually restricted net assets consist of donor contributions to the Success by Six Endowment Fund.

Net assets with donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Perpetually restricted	\$ 115,338	\$ 115,338
Time restricted	110,203	128,346
Purpose restricted	4,112	3,608
Appreciation (depreciation) on endowment	<u>1,704</u>	<u>(3,898)</u>
	<u>\$ 231,357</u>	<u>\$ 243,394</u>

Endowment Investment Spending Policy

The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Subject to the intent of a donor, the Organization may appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization.

The Board of Directors is in the process of implementing an investment policy to address specific returns and risk parameters as well as a spending policy to allow the Organization to designate a portion of the Organization's cumulative investment return for support of operations. Under the Organization's proposed spending policy, the Board of Directors may appropriate up to 5.40% of the fair value of the endowment to support operations. The Board of Directors has made appropriations totaling \$6,646 and \$6,326 to support operations for the years ended June 30, 2023 and 2022, respectively, based on the proposed spending policy.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The Organization only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded in the statements of financial position.

The Organization's leases are presented as a ROU asset with a corresponding current and long-term lease liability in the accompanying statements of financial position. The ROU assets represent the Organization's right to use an underlying asset during its lease term, and lease liabilities represent the obligation to make lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit discount rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, the Organization uses the risk-free discount rate at the lease commencement date to determine the present value of the lease payments.

Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. Lease expense is recognized on a straight-line basis over the lease term. The Organization's lease terms do not include options to extend the lease.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for as a single component.

Revenue Recognition, Pledges and Designations Receivable/Payable

The Organization generally measures earned revenue based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers (i.e., management and service fee contracts) based on the five-step model under ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Management fees are recognized by the Organization for services provided (see Note 11), which consist of comprehensive operational and management services. Services are generally provided on an annual basis and the agreements specify the compensation arrangements for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as the respective parties receive the benefits provided as the Organization performs. Management fees are generally recognized in one fiscal year.

Portage fees and other sales are recognized at the time of product distribution. Service fees are recognized by the Organization based on a percentage of campaigns outside of the Organization's service area for services provided around managing these campaigns during the fiscal year. Service fees of \$242,774 and \$309,135 were deducted from donor designations to cover the costs incurred by the Organization in raising and processing them for the years ended June 30, 2023 and 2022, respectively. Donor designations include \$59,010 and \$128,623 in donor contributions from campaigns managed by the Organization that were designated to specific agencies and paid directly to third parties for the years ended June 30, 2023 and 2022, respectively. The Organization does not earn service fees on contributions that are paid in this manner. All other revenue is recognized as earned.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition, Pledges and Designations Receivable/Payable (Continued)

Contributed income may include gifts of cash or promises to give. Grants and contributions, including unconditional promises to give, are recognized as revenues in the period received and recorded in the appropriate net asset category in accordance with donor-imposed restrictions. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions are substantially met. When considered material, grants and contributions to be received after one (1) year are discounted at an appropriate discount rate commensurate with the risk involved. Multi-year commitments are recorded during the year of the initial pledge.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 17).

Grants and contributions, including gross campaign results and donated products, goods and services, are recorded when received or unconditionally committed. Unconditional grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the grant and contribution is recognized. All other donor restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Special event revenue is recognized in the period in which the event takes place.

Pledges and designations receivable are recorded at their net present value when unconditionally committed (see Note 3). Collectability of pledges and designations receivable is analyzed by management based on the history of collections and management's judgment. The risk of not collecting the pledges and designations is mitigated by the Organization's policy to reduce payments of donor designations and allocations in the event that actual collections are lower than estimated amounts. Accordingly, accrued designations have been reduced by the same amount as the reserve amount on the designations receivable.

Donors to the campaign may designate all or part of their contributions to specific agencies. Such amounts made within the Organization's service area are not included as allocations to agencies and are recorded as designations to nonprofits and United Ways in the accompanying statements of functional expenses. Designations made by donors outside of the Organization's service area are recorded as a deduction from gross campaign results in the accompanying statements of activities as donor designations, net of service fees. The balances of donor designations to specific agencies that remain unpaid at year-end are reflected as designations payable in the accompanying statements of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy and depreciation, which are allocated on a square footage basis; and certain other costs, which are allocated based on usage studies conducted annually.

Grant Expense

Grant expense is recorded when awarded by the Organization as the conditions of the grant are met by the grantee.

Allocations to Agencies

Non-designated Community Care contributions are allocated to community partner agencies after completion of the fundraising campaign and upon approval of the Board of Directors.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Investments are valued using Level 1 inputs as of June 30, 2023 and 2022.

All Other Assets and Liabilities

The carrying value of all other qualifying assets and liabilities, including contribution receivable - charitable lead trust and long-term debt, does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as public support and revenues and operating expenses in the accompanying statements of activities. Non-operating revenue (expenses) includes capital and investment activity.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2023 and 2022. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through January 17, 2024, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the accompanying financial statements.

3. PLEDGES AND DESIGNATIONS RECEIVABLE

Pledges and designations receivable were comprised of the following as of June 30:

	2023	
	<u>Pledges</u>	<u>Designations</u>
Pledges and designations receivable	\$ 539,028	\$ 569,042
Less - allowance for uncollectible accounts	<u>31,486</u>	<u>218,830</u>
Pledges and designations receivable, net	<u>\$ 507,542</u>	<u>\$ 350,212</u>

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

3. PLEDGES AND DESIGNATIONS RECEIVABLE (Continued)

	2022	
	<u>Pledges</u>	<u>Designations</u>
Pledges and designations receivable	\$ 655,745	\$ 1,197,654
Less - allowance for uncollectible accounts	<u>13,497</u>	<u>367,750</u>
Pledges and designations receivable, net	<u>\$ 642,248</u>	<u>\$ 829,904</u>

All pledges and designations receivable are expected to be collected within one year.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 342,520	\$ 342,520
Building	2,036,593	2,036,593
Leasehold improvements	434,183	408,990
Furniture and equipment	783,570	776,816
Vehicles	423,259	410,270
Website development	<u>43,242</u>	<u>43,239</u>
	4,063,367	4,018,428
Less - accumulated depreciation	<u>1,452,298</u>	<u>1,251,990</u>
	<u>\$ 2,611,069</u>	<u>\$ 2,766,438</u>

For the years ended June 30, 2023 and 2022, depreciation expense totaled \$200,308 and \$203,745, respectively, and is included in depreciation and amortization in the accompanying statements of functional expenses

On June 29, 2016, the Organization purchased the building it had previously leased for programmatic and administrative space. As part of completing this deal, the Organization purchased the building at a discount of \$215,000 and entered into a ten-year lease agreement with its former landlord to leaseback office space in the Organization's facility at a discounted price of \$100 per month (see Note 10). The property was recorded at fair value and the difference between fair value and the property's purchase price is recorded as deferred revenue in the accompanying statements of financial position. The Organization records rental income at fair value and amortizes the deferred revenue over the life of the lease. The Organization recognized \$21,500 of related rental income for the years ended June 30, 2023 and 2022, which is included in miscellaneous income in the accompanying statements of activities.

5. INVESTMENTS

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and money market funds	\$ 28,080	\$ 3,747
Mutual funds:		
Bond funds	110,556	116,317
Global markets - equity	172,408	157,387
Domestic markets - equity	<u>195,044</u>	<u>203,292</u>
	<u>\$ 506,088</u>	<u>\$ 480,743</u>

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

5. INVESTMENTS (Continued)

Investments have been classified as non-current assets as it is management's intent to invest these funds for long-term purposes. Investments are not insured and are subject to market fluctuations.

6. DONATED GOODS AND SERVICES

Donated services are recognized if the services create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not provided by donation.

The financial statements do not include amounts for donated services for which an objective basis of measurement of the value of such services is not available, and these services are not specialized as defined in the standard for *Contributions Received* under U.S. GAAP. However, volunteers have donated significant amounts of their time and energy to the Organization. Based on management's estimate, volunteers donated approximately 93,700 and 109,000 hours to the Organization during the years ended June 30, 2023 and 2022, respectively.

Those goods and services that are able to be valued are reflected in the accompanying financial statements based upon the estimated value (donation value) assigned to them by the donating agencies or by management. Donated services and assets were utilized by the Organization's programs services and fundraising operations. There were no donor-imposed restrictions associated with the donated services and assets.

The value of donated goods and services was as follows for the years ended June 30:

	2023		2022	
	Donated Goods	Donated Services	Donated Goods	Donated Services
Food security	\$ 4,660,806	\$ -	\$ 4,252,461	\$ -
Other program services	37,615	120,000	172,179	120,000
Fundraising	-	30,000	-	30,000
	<u>\$ 4,698,421</u>	<u>\$ 150,000</u>	<u>\$ 4,424,640</u>	<u>\$ 150,000</u>

7. PRODUCT PHILANTHROPY

Product Philanthropy represents donated goods received by the Organization for its United Way Distribution Services (see Note 2). Of the Product Philanthropy goods received, \$640,464 and \$810,362 were distributed to community partner agencies during fiscal years 2023 and 2022, respectively. These amounts are included in cost of goods donated to the community in the accompanying statements of activities. The balance of these goods \$7,595 and \$6,623 is shown as inventory, net in the accompanying statements of financial position as of June 30, 2023 and 2022, respectively, and reflect goods to be distributed in a future period.

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

8. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
5% note payable to a realty trust (seller-financed note), due in monthly installments of principal and interest of \$9,000. This note matures on April 1, 2034. This note is secured by a first mortgage on the property.	\$ 896,199	\$ 957,677
Less - current portion	<u>63,415</u>	<u>60,287</u>
	<u>\$ 832,784</u>	<u>\$ 897,390</u>

Maturities of long-term debt over the next five years are as follows:

2024	\$ 63,415
2025	\$ 66,705
2026	\$ 70,167
2027	\$ 73,808
2028	\$ 77,637

9. RETIREMENT PLANS

The Organization sponsors an employee pension plan for all full-time employees. For the years ended June 30, 2023 and 2022, the Organization's contributions based on a percentage of employee salaries totaled \$146,465 and \$148,509, respectively, and are included in fringe benefits in the accompanying statements of functional expenses.

The Organization also maintains an IRC Section 403(b) Tax-Deferred Annuity Plan. The Tax-Deferred Annuity Plan covers all eligible employees as defined in the plan. The Organization does not contribute to this plan.

10. LEASE AGREEMENTS

Nature of Leases

The Company has entered into the following lease arrangements:

Finance Leases

One financing lease for a vehicle for the use in operations through July 31, 2029. Termination of the lease generally is prohibited unless there is a violation under the lease agreement.

Operating Leases

The Organization maintains an agreement to lease programmatic space through April 30, 2026. The Organization also leases various equipment and vehicles under operating lease agreements that expire through June 2027.

Short-Term Leases

In addition, the Organization leases additional program space and one vehicle under several tenant-at-will agreements for aggregate payments ranging between approximately \$300 and \$6,600 per month. Total short term lease expense for the year ended June 30, 2023, was \$90,482 which is included occupancy expense in the accompanying 2023 statement of functional expenses.

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

10. LEASE AGREEMENTS (Continued)

Supplemental Statement of Activities Information

The following summarizes the line items in the accompanying statement of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease expense included in occupancy expense	<u>\$ 168,577</u>
Finance lease costs:	
Amortization of lease assets included in depreciation and amortization expense	\$ 25,995
Interest on finance lease liabilities included in interest expense	<u>7,650</u>
Total finance lease expense	<u>\$ 33,645</u>

Supplemental Statement of Cash Flow Information

The following summarizes cash flow information related to leases for the years ended June 30, 2023:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 168,109
Operating cash flows from finance leases	30,313
ROU assets obtained in exchange for lease obligations:	
Operating leases	86,663
Finance leases	199,017

Weighted Average Information

The following summarizes the weighted-average remaining lease term and discount rate as of June 30, 2023:

Weighted-Average Remaining Lease Term:	
Operating leases	2.45 years
Finance leases	6.01 years
Weighted-Average Discount Rate:	
Operating leases	3.16%
Finance leases	4.5%

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

10. LEASE AGREEMENTS (Continued)**Maturities of Lease Liability Disclosure -**

The maturities of lease liabilities as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Operating</u>	<u>Finance</u>
2024	\$ 164,447	\$ 33,069
2025	129,931	33,069
2026	83,876	33,069
2027	2,912	33,069
2028	-	33,069
Thereafter	-	35,824
Total future undiscounted lease payments	381,166	201,169
Less - present value discount/interest	<u>(14,091)</u>	<u>(24,815)</u>
Present value of lease liabilities	367,075	176,354
Less - current portion	<u>(164,447)</u>	<u>(33,069)</u>
Lease liabilities, net of current portion	<u>\$ 202,628</u>	<u>\$ 143,285</u>

Operating Leases – Topic 840

As discussed in Note 2, the Organization adopted Topic 842 using the optional transition method and did not apply the new standard to the financial statements as of and for the year ended June 30, 2022. As such, the Organization is required to disclose information related to fiscal year 2022 in accordance with Topic 840, the previous lease guidance. Lease expense related to facilities and equipment for the year ended June 30, 2022, was \$184,581.

Future minimum lease payments under non-cancelable operating leases as of June 30, 2022, under *Topic 840* were as follows:

	<u>Facility</u>	<u>Equipment</u>
2023	\$ 83,570	\$ 22,401
2024	\$ 86,050	\$ 19,101
2025	\$ 88,620	\$ 2,601
2026	\$ 75,600	\$ 2,601
2027	\$ -	\$ 2,601

Rental Income

The Organization maintains a ten-year lease agreement with its former landlord to lease office space in the Organization's facility. Monthly payments of \$100 are due through June 30, 2026.

Future minimum rental receipts are as follows:

2024	\$ 1,200
2025	\$ 1,200
2026	\$ 1,200

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

11. COMMITMENTS

The Organization entered into an agreement to provide comprehensive operational and management services on behalf of Mass211, Inc. (Mass211) through June 30, 2019, at a management fee equal to the direct costs incurred to carry out the services required by Mass211's grants and contracts. The Organization is currently negotiating a new agreement with Mass211. Effective July 1, 2022, the Organization began charging a fee of approximately \$112,000 per month. During fiscal years 2023 and 2022, approximately \$1,343,000 and \$1,233,000, respectively, which were billed to Mass211 for the years ended June 30, 2023 and 2022. These fees are included in management fees in the accompanying statements of activities. These fees comprised 13% of total public support and revenues for the years ended June 30, 2023 and 2022.

The Organization entered into an agreement to provide comprehensive operational and management services to the United Way of Pioneer Valley, Inc. effective October 1, 2018, through April 1, 2021, at a management fee equal to 10% of gross revenues as defined in the agreement. The Organization is currently negotiating a new agreement with the United Way of Pioneer Valley, Inc., and the old agreement stays in effect until the new agreement is finalized. The Organization recognized \$53,000 and \$120,000 of management fee revenue for the fiscal years 2023 and 2022, respectively, which is included in management fees in the accompanying statements of activities. Either party can terminate this agreement without cause within 120 days prior written notice of termination.

12. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in multiple banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts at certain banks. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

13. ENDOWMENT

A reconciliation of endowment activities for fiscal years 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 111,440	\$ 149,169
Investment return, net	12,248	(31,403)
Appropriations to operations	<u>(6,646)</u>	<u>(6,326)</u>
Endowment net assets, end of year	<u>\$ 117,042</u>	<u>\$ 111,440</u>

14. ALLOCATIONS

Allocations to agencies consist of the following for the years ended June 30:

<u>Agency</u>	<u>2023</u>	<u>2022</u>
Boys & Girls Clubs of MetroWest	\$ 60,000	\$ 60,000
Ron Burton Training Village	25,000	-
Mass 211, Inc.	19,817	19,817
Framingham Public Schools	<u>-</u>	<u>5,000</u>
Total allocation to agencies	<u>\$ 104,817</u>	<u>\$ 84,817</u>

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
June 30, 2023 and 2022

15. CHARITABLE LEAD TRUST

The Organization is a beneficiary of a charitable lead annuity trust. The Organization is entitled to one-third of the fair value of the trust. The Organization received distributions of \$25,000 during fiscal years 2023 and 2022 and will receive annual distributions of \$25,000 until the trust is exhausted. The Organization's share of the trust of \$110,203 and \$128,346 is included in net assets with donor restrictions and contribution receivable - charitable lead trust in the accompanying statements of financial position as of June 30, 2023 and 2022, respectively. The Organization recorded a change in value of charitable lead trust of \$6,857 and \$(18,101) in the accompanying statements of activities for the years ended June 30, 2023 and 2022, respectively.

16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Organization within one year from the statements of financial position date as of June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,187,186	\$ 1,258,665
Pledges receivable, net	507,542	642,248
Accounts receivable	4,258	103,398
Grants receivable	319,416	66,666
Current portion of contribution receivable - charitable lead trust	25,000	25,000
Investment return appropriation	6,600	6,300
Less - Board designated funds	(104,817)	(84,817)
Less - donor contributions restricted for specific purposes	<u>(4,112)</u>	<u>(3,608)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,941,073</u>	<u>\$ 2,013,852</u>

The Organization holds funds enough to meet daily operating needs in cash. In the event of an unanticipated liquidity need, management could utilize non-endowment investments which totaled \$389,046 and \$365,405 at June 30, 2023 and 2022, respectively. In addition, the Organization's governing board has designated a portion of its unrestricted resources for making allocations to other agencies (see page 12 and Note 14). Those amounts are identified as Board designated funds in the table above and are generally not available for liquidity purposes. These funds may be spent at the discretion of the Board.

17. CONDITIONAL GRANTS

A foundation awarded the Organization a \$100,000 grant, which is conditional upon the Organization meeting goals and certain criteria and is to be paid in four equal installments of \$25,000 over four years. The Organization earned and received the third installment of the grant during fiscal year 2023 and, accordingly, \$25,000 is included in grants and contributions without donor restrictions in the accompanying statement of activities. The remaining conditions have not been met as of June 30, 2023, and therefore, the \$25,000 remaining balance of the grant is not reflected in the accompanying financial statements.

UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements
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18. EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) was first established by the CARES Act and was extended and expanded by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA). ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first \$10,000 in qualified wages between March 12, 2020 and December 31, 2020 (2020 ERTC) and 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021 (2021 ERTC). To be eligible, the Organization must meet certain conditions as described in applicable laws and regulations.

The Organization has determined that it qualifies for the 2020 and 2021 ERTC and has applied for both. This grant is conditional upon certain requirements. Funds were not received, and these conditions were not met as of June 30, 2023, accordingly, these funds are not reflected on the accompanying financial statements.