

MIDDLESEX UNITED WAY, INC.

FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2023 AND 2022

MIDDLESEX UNITED WAY, INC.

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## 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, 2023 and 2022, 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, 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. 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  
May 3, 2024

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 163,558	\$ 263,755
Campaign pledges receivable, net	242,057	277,688
Investments	603,697	619,946
Investments held for endowment purposes	199,291	190,615
Beneficial interests in trusts	675,658	645,042
Property and equipment, net	17,833	25,064
Operating lease right-of-use asset , net	183,048	-
Other assets	5,745	7,527
	<u>\$ 2,090,887</u>	<u>\$ 2,029,637</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 66,671	\$ 136,590
Community partners payable	268,062	350,005
Donor designations payable, net	61,877	62,523
Finance lease liability	10,703	14,025
Operating lease liability	183,548	-
	<u>590,861</u>	<u>563,143</u>
NET ASSETS:		
Without donor restrictions	590,295	596,324
With donor restrictions	909,731	870,170
	<u>1,500,026</u>	<u>1,466,494</u>
	<u>\$ 2,090,887</u>	<u>\$ 2,029,637</u>

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>						
Current-year campaign contributions:						
Total amounts raised	\$ 759,108	\$ -	\$ 759,108	\$ 768,139	\$ -	\$ 768,139
Less: amounts raised on behalf of others	(72,373)	-	(72,373)	(72,824)	-	(72,824)
Total contributions	686,735	-	686,735	695,315	-	695,315
Contributed nonfinancial assets	-	-	-	3,000	-	3,000
Less: provision for uncollectible pledges	(50,000)	-	(50,000)	(50,000)	-	(50,000)
Prior year campaign contributions	102,149	-	102,149	77,475	-	77,475
Net campaign revenue	738,884	-	738,884	725,790	-	725,790
Other revenue and support:						
Amounts raised by other agencies	-	-	-	38,576	-	38,576
Service fee revenue	17,524	-	17,524	50,323	-	50,323
Other contributions	32,203	17,611	49,814	15,350	2,151	17,501
Other income	5,831	-	5,831	-	-	-
Net assets released from restriction	26,317	(26,317)	-	26,418	(26,418)	-
Total other revenue and support	81,875	(8,706)	73,169	130,667	(24,267)	106,400
Total revenue and support	820,759	(8,706)	812,053	856,457	(24,267)	832,190
<b>DISTRIBUTIONS AND EXPENSES:</b>						
Distributions:						
Community partners	268,062	-	268,062	348,342	-	348,342
Special allocations and other distributions	18,473	-	18,473	16,377	-	16,377
Payments to affiliated organizations	11,137	-	11,137	17,819	-	17,819
Total distributions	297,672	-	297,672	382,538	-	382,538
Expenses:						
Program services	263,022	-	263,022	381,868	-	381,868
Support services:						
Fundraising expenses	165,152	-	165,152	113,146	-	113,146
Management and general expenses	183,500	-	183,500	212,148	-	212,148
Total program and support services	611,674	-	611,674	707,162	-	707,162
Total distributions and expenses	909,346	-	909,346	1,089,700	-	1,089,700
CHANGE IN NET ASSETS FROM OPERATIONS	(88,587)	(8,706)	(97,293)	(233,243)	(24,267)	(257,510)
<b>INVESTMENT INCOME:</b>						
Net investment income	2,259	-	2,259	10,262	-	10,262
Investment income - beneficial trusts	29,921	-	29,921	35,832	-	35,832
Net increase (decrease) in trust values	-	30,616	30,616	-	(148,803)	(148,803)
Net realized and unrealized gains and (losses) on investments	50,378	17,651	68,029	(117,829)	(25,333)	(143,162)
Total investment income	82,558	48,267	130,825	(71,735)	(174,136)	(245,871)
CHANGE IN NET ASSETS	(6,029)	39,561	33,532	(304,978)	(198,403)	(503,381)
<b>NET ASSETS:</b>						
Beginning of year	596,324	870,170	1,466,494	901,302	1,068,573	1,969,875
End of year	\$ 590,295	\$ 909,731	\$ 1,500,026	\$ 596,324	\$ 870,170	\$ 1,466,494

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Program Services	Support Services		Total	Program Services	Support Services		Total
		Fundraising	Management and General			Fundraising	Management and General	
Salaries and wages	\$ 164,750	\$ 103,448	\$ 114,942	\$ 383,140	\$ 213,043	\$ 63,124	\$ 118,357	\$ 394,524
Employee benefits	22,993	14,437	16,041	53,471	40,460	11,988	22,477	74,925
Payroll taxes	14,078	8,840	9,821	32,739	20,215	5,990	11,231	37,436
Total salaries and related expenses	201,821	126,725	140,804	469,350	273,718	81,102	152,065	506,885
Occupancy	17,028	10,692	11,880	39,600	21,114	6,256	11,730	39,100
Professional fees	16,374	10,282	11,424	38,080	50,506	14,965	28,059	93,530
Supplies	5,482	3,442	3,824	12,748	10,867	3,220	6,037	20,124
Insurance	4,934	3,098	3,442	11,474	3,279	972	1,821	6,072
Marketing and advertising	3,271	2,054	2,281	7,606	4,375	1,296	2,431	8,102
Telephone	2,856	1,793	1,993	6,642	3,001	889	1,667	5,557
Rentals	2,810	1,764	1,961	6,535	3,311	981	1,839	6,131
Miscellaneous	1,340	841	935	3,116	2,428	720	1,349	4,497
Conferences, conventions and meetings	1,265	794	882	2,941	1,213	359	674	2,246
Travel and parking	1,235	776	862	2,873	990	293	551	1,834
Printing and publications	941	591	656	2,188	849	252	471	1,572
Postage and shipping	555	348	387	1,290	1,854	549	1,031	3,434
Total expenses before depreciation and amortization	259,912	163,200	181,331	604,443	377,505	111,854	209,725	699,084
Depreciation and amortization	3,110	1,952	2,169	7,231	4,363	1,292	2,423	8,078
Total expenses	263,022	165,152	183,500	611,674	381,868	113,146	212,148	707,162
Community partners	268,062	-	-	268,062	348,342	-	-	348,342
Special allocations and other distributions	18,473	-	-	18,473	16,377	-	-	16,377
Payments to affiliated organizations	11,137	-	-	11,137	17,819	-	-	17,819
Total distributions	297,672	-	-	297,672	382,538	-	-	382,538
Total Expenditures	\$ 560,694	\$ 165,152	\$ 183,500	\$ 909,346	\$ 764,406	\$ 113,146	\$ 212,148	\$ 1,089,700

See notes to financial statements.



MIDDLESEX UNITED WAY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 33,532	\$ (503,381)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in allowance for uncollectible pledges	(3,000)	(20,000)
Depreciation and amortization	7,231	8,078
Net realized and unrealized (gains) / losses on investments	(68,029)	143,162
Net (increase) decrease in trust values	(30,616)	148,803
Cash received (disbursed) from agency transactions	(65,660)	(7,465)
Amortization of right-of-use operating asset	36,376	-
Imputed interest on lease liabilities	2,024	-
(Increase) decrease in operating assets:		
Campaign pledges receivable	38,631	30,880
Other assets	1,782	10,215
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(4,259)	(16,051)
Community partners payable	(81,943)	(149,995)
Donor designations payable	(646)	(32,513)
Operating lease liabilities	(39,600)	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(174,177)</u>	<u>(388,267)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(110,000)	(109,654)
Proceeds from sale of investments	187,302	640,918
Purchase of property and equipment	-	(1,566)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>77,302</u>	<u>529,698</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on finance lease liabilities	(3,322)	(3,300)
NET CASH USED IN FINANCING ACTIVITIES	<u>(3,322)</u>	<u>(3,300)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(100,197)	138,131
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>263,755</u>	<u>125,624</u>
End of year	<u>\$ 163,558</u>	<u>\$ 263,755</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	\$ -
Non-cash investing activities:		
Equipment acquired through finance lease	\$ -	\$ 16,500

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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 a decrease in net assets from operations totaling \$97,293 and \$257,510 for the years ended June 30, 2023 and 2022, respectively. The Organization has also incurred negative cash flows from operations totaling \$174,177 and \$388,267, for the years ended June 30, 2023 and 2022, respectively. Those 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.

The board of directors of the Organization has evaluated these conditions and determined that a reduction of distributions and expenses would alleviate this uncertainty. As a result, the Organization has approved a plan to a) reduce the 2024 distributions by \$150,000, b) limit transfers from investment accounts to the annual spending policy and c) limit distributions per year to avoid negative cash flow from operations. As a result of this plan, management and the board of directors believe the doubts of the Organization's ability to continue as a going concern have been alleviated.

Recently Adopted Accounting Pronouncement:

Effective July 1, 2022, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (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.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

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

Recently Adopted Accounting Pronouncement (continued):

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, 2023 and 2022, 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, 2023 AND 2022

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

Revenue Recognition:

The Organization recognizes revenue in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers*. All exchange transactions and contracts with customers have one single performance obligation. 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, 2023 and 2022. Campaign, other contribution revenue and amounts raised by other agencies are not within the scope of ASU 2014-09.

*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.

*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.

*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. The Organization received contributed professional services totaling \$- and \$3,000 for the years ended June 30, 2023 and 2022, respectively. The Organization was provided a discount on certain professional services which are valued and reported at the estimated fair value in the financial statements based on current rates for similar services. All contributed services received by the Organization during the years ended June 30, 2023 and 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management. Such expenses have been allocated across programs and other support services in accordance with the Organization's functional allocation of expenses policy.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

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

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.

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.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

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

Endowment (continued):

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.

*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, 2023 and 2022.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

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

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, 2023 and 2022 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 office equipment and furniture and the fair value of donated assets are capitalized on the statements of financial position. Depreciation 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.

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.

Marketing and Advertising:

Marketing and advertising costs are expensed as incurred. Such costs totaled \$7,606 and \$8,102 for the years ended June 30, 2023 and 2022, respectively.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

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

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:

Effective July 1, 2022, the Organization follows Topic 842 and 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.

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.

Prior to July 1, 2022, leases, which met certain criteria, were classified as capital leases, and assets and liabilities were recorded at amounts equal to the lesser of the present value of the minimum lease payments or the fair value of the leased properties at the beginning of the respective lease terms. Leases that did not meet such criteria were classified as operating leases and related rentals were charged to expense as incurred.



MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

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

Reclassifications:

Certain amounts as of June 30, 2022 have been reclassified to conform to the June 30, 2023 presentation. The reclassifications have no material effect on the financial statements.

Subsequent Events:

Management has evaluated subsequent events through May 3, 2024, 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:

	2023	2022
Revenue from contracts with customers:		
Satisfied over time:		
Service fee revenue	\$ 17,524	\$ 50,323
Other revenue and support:		
Net campaign revenue	738,884	725,790
Other contributions and income	55,645	17,501
Amounts raised by other agencies	-	38,576
	\$ 812,053	\$ 832,190

There were no accounts receivable or deferred revenue recognized from contracts with customers as of June 30, 2023, 2022 and 2021.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 4 – CAMPAIGN PLEDGES RECEIVABLE:

Campaign pledges receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Campaign 2023	\$ 291,153	\$ -
Campaign 2022	37,904	315,997
Campaign 2021	-	51,691
Total receivable	<u>329,057</u>	<u>367,688</u>

Allowance for uncollectible pledges:

Campaign 2023	50,000	-
Campaign 2022	37,000	50,000
Campaign 2021	-	40,000
Total allowance	<u>87,000</u>	<u>90,000</u>
Net campaign pledges receivable	<u>\$ 242,057</u>	<u>\$ 277,688</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 2023 and 2022 campaign, an allowance of approximately 10% was used. The pledges receivable at June 30, 2023 and 2022 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 equivalents and investments. 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 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, 2023 and 2022, cash may have exceeded the coverage limit. At June 30, 2023 and 2022, there were no uninsured cash balances.

MIDDLESEX UNITED WAY, INC.  
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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 2023 campaign, approximately 28% 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, 2023, approximately 25%, 24%, 18% and 12% of the Organization’s campaign pledges receivable were due to the Organization from four local corporations.

For the 2022 campaign, approximately 20% 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, 2022, approximately 23%, 18% and 16% of the Organization’s campaign pledges receivable were due to the Organization from three local corporations.

NOTE 6 – INVESTMENTS:

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

	<u>2023</u>	<u>2022</u>
Marketable securities	\$ 603,697	\$ 619,946
Endowed marketable securities	<u>199,291</u>	<u>190,615</u>
	<u>\$ 802,988</u>	<u>\$ 810,561</u>

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

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 3,471	\$ 14,467
Investment advisory fees	(1,212)	(4,205)
Net realized and unrealized gain (loss) on investments	<u>68,029</u>	<u>(143,162)</u>
Total investment return (loss)	<u>\$ 70,288</u>	<u>\$ (132,900)</u>

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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 year ended June 30:

Endowment net assets, July 1, 2021	\$ 230,170
Investment losses	(25,333)
Appropriation	<u>(14,222)</u>
Endowment net assets, June 30, 2022	190,615
Investment gains	17,651
Appropriation	<u>(8,975)</u>
Endowment net assets, June 30, 2023	<u>\$ 199,291</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 \$675,658 and \$645,042 as of June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, current distributions from the trusts of \$29,921 and \$35,832 respectively, are included in net assets without donor restrictions as investment income. The change in the fair market value in excess of distributions of \$30,616 and \$(148,803), respectively, is recorded in net assets with donor restrictions as net increase (decrease) in trust values.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 – PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Property and equipment	\$ 66,988	\$ 66,988
Software	11,656	11,656
Accumulated depreciation and amortization	<u>(60,811)</u>	<u>(53,580)</u>
	<u>\$ 17,833</u>	<u>\$ 25,064</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 a variable interest rate at the prime rate (8.25% and 4.75% at June 30, 2023 and 2022, respectively). Interest on the line of credit is payable monthly. At June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Middlesex Racial Justice Coalition	\$ 39,792	\$ 59,893
Community Thanksgiving Project	7,762	6,682
Coalition on Housing	7,282	2,989
Miscellaneous Other Programs	2,516	1,407
Middletown Early Childhood Program	159	4,385
Coalition for Children	<u>-</u>	<u>47,815</u>
	<u>\$ 57,511</u>	<u>\$ 123,171</u>

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 and 2022, donor designations payable on the statements of financial position are stated net of the related service fees of \$10,496 and \$10,630, 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>2023</u>	<u>2022</u>
Donor-Imposed Purpose or Time:		
Women’s initiative program	\$ 8,569	\$ 5,945
Homelessness prevention	22,551	24,861
Young leaders group	3,662	3,707
	<u>34,782</u>	<u>34,513</u>
Perpetual:		
Endowment funds (including earnings thereon)	199,291	190,615
Beneficial interest in trust	675,658	645,042
	<u>874,949</u>	<u>835,657</u>
Total net assets with donor restrictions	<u>\$ 909,731</u>	<u>\$ 870,170</u>

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

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>2023</u>	<u>2022</u>
Homelessness prevention	\$ 16,310	\$ 2,160
Endowment earnings appropriated for expenditure	8,975	14,222
Women’s initiative program	987	9,518
Young leaders group	45	518
	<u>\$ 26,317</u>	<u>\$ 26,418</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 \$18,938 and \$31,571 the years ending June 30, 2023 and 2022, respectively, and is included in employee benefits on the statements of functional expenses.

NOTE 15 – LEASES:

Effective October 1, 2021, the Organization has a non-interest bearing lease for computer equipment. The lease calls for a monthly payment of \$275 through September 30, 2026. These obligations are treated as a finance lease and have been recorded in the accompanying financial statements at the value of future minimum payments. The capitalized cost of \$16,500 less accumulated depreciation of \$5,775 and \$2,475 is included in property and equipment at June 30, 2023 and 2022, respectively.

Depreciation expense relating to this equipment totaled \$3,300 and \$2,475 for the years ended June 30, 2023 and 2022. Total payments made for the years ended June 30, 2023 and 2022 related to this lease totaled \$3,322. The balance on the finance lease totaled \$10,703 at June 30, 2023 and \$14,025 at June 30, 2022.

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 the years ended June 30, 2023 and 2022 totaled \$39,600 and \$39,100, respectively.

The Organization leases office equipment under operating leases that are month-to-month. For the years ended June 30, 2023 and 2022, expense under these leases amounted to \$3,235 and \$2,831, respectively.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 15 – LEASES (Continued):

Leases were classified as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Assets:		
Finance lease right-of-use asset	10,725	14,025
Operating lease right-of-use asset	183,048	-
Liabilities:		
Current:		
Finance lease liability, current	3,300	3,300
Operating lease liability, current	31,980	-
Noncurrent:		
Finance lease liability, net	7,425	10,725
Operating lease liability, net	151,568	-

Future minimum lease payments for each of the years succeeding June 30, 2023 under non-cancelable operating leases are as follows:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2024	\$ 39,600	\$ 3,300	\$ 42,900
2025	40,300	3,300	43,600
2026	40,800	3,300	44,100
2027	41,500	825	42,325
2028	42,000	-	42,000
Thereafter	17,500	-	17,500
	<u>221,700</u>	<u>10,725</u>	<u>232,425</u>
Less: Imputed interest	(38,152)	-	(38,152)
Less: current portion	(31,980)	\$ (3,300)	(35,280)
	<u>\$ 151,568</u>	<u>\$ 7,425</u>	<u>\$ 158,993</u>



MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 15 – LEASES (Continued):

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:

	2023	2022
Operating lease costs	\$ 39,600	\$ 39,100
Finance lease costs	3,300	3,300
Short-term lease costs	3,235	2,831
	\$ 46,135	\$ 45,231

As of June 30, 2023 and 2022, the weighted average remaining lease terms were 5.4 and 6.4 years, respectively, and the discount rate for both years was 5.5%.

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.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 16 – FAIR VALUE MEASUREMENTS (Continued):

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.

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.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 16 – FAIR VALUE MEASUREMENTS (Continued):

The following tables present information about the Organization’s respective assets measured at fair value on a recurring basis at June 30, 2023 and 2022, including the fair value measurements and the level of inputs used in determining those fair values:

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>

June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trusts	\$ -	\$ -	\$ 645,042	\$ 645,042
Available-for-Sale Securities:				
Exchange traded funds	95,488	-	-	95,488
Mutual funds	524,458	-	-	524,458
Endowment - CFMC	-	190,615	-	190,615
	<u>\$ 619,946</u>	<u>\$ 190,615</u>	<u>\$ 645,042</u>	<u>\$ 1,455,603</u>

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, 2023 and 2022:

Balance July 1, 2021	\$ 793,845
Net decrease in trust values	<u>(148,803)</u>
Balance June 30, 2022	645,042
Net increase in trust values	<u>30,616</u>
Balance June 30, 2023	<u>\$ 675,658</u>

MIDDLESEX UNITED WAY, INC.  
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NOTE 17 – 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.

The following table reflects the Organization’s financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 163,558	\$ 263,755
Campaign pledges receivable, net	242,057	277,688
Investments	603,697	619,946
Investments held for endowment purposes	199,291	190,615
Beneficial interest in trusts	<u>675,658</u>	<u>645,042</u>
Financial assets, at year end	\$ 1,884,261	\$ 1,997,046
Less those unavailable for general expenditure within one year, due to:		
Agency funds	(57,511)	(123,171)
Donor designations payable, net	(61,877)	(62,523)
Net assets with donor restrictions	<u>(909,731)</u>	<u>(870,170)</u>
	(1,029,119)	(1,055,864)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 855,142</u>	<u>\$ 941,182</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 18 – 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, 2023 AND 2022

	Approved <u>2023</u>	Approved <u>2022</u>	Paid <u>2022</u>
Health	\$ 106,000	\$ 179,034	\$ 180,034
Housing	48,000	75,949	75,949
Income	44,000	30,000	37,393
Youth	35,500	-	-
Racial equity and inclusion	17,000	19,000	15,500
Education	9,000	35,022	27,104
211/ infoline	8,562	11,000	-
	<u>\$ 268,062</u>	<u>\$ 350,005</u>	<u>\$ 335,980</u>

MIDDLESEX UNITED WAY, INC.

SCHEDULE II - SCHEDULE OF SPECIAL ALLOCATIONS AND OTHER DISTRIBUTIONS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Middlesex County homeless prevention	\$ 16,310	\$ 2,160
Additional allocations	1,131	4,180
Women's initiative grant	987	9,518
Young leaders group	45	519
	<u>          </u>	<u>          </u>
	<u>\$ 18,473</u>	<u>\$ 16,377</u>