United Way of Greater Fall River, Inc.

Financial Statements

June 30, 2022

CohnReznick

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United Way of Greater Fall River, Inc.

Index

June 30, 2022

Independent Auditor's Report 1-3

Financial Statements:

Statement of Financial Position as of June 30, 2022
with Comparative Totals as of June 30, 2021 4

Statement of Activities for the Year Ended June 30, 2022
with Comparative Totals for the Year Ended June 30, 2021 5

Statement of Functional Expenses for the Year Ended June 30, 2022
with Comparative Totals for the Year Ended June 30, 2021 6

Statement of Cash Flows for the Year Ended June 30, 2022
with Comparative Totals for the Year Ended June 30, 2021 7

Notes to Financial Statements 8 - 26

Independent Auditor's Report

To the Board of Directors of
United Way of Greater Fall River, Inc.

Opinion

We have audited the accompanying financial statements of United Way of Greater Fall River, Inc. (a nonprofit organization), ("the Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization for the year ended June 30, 2021 were audited by another auditor whose report dated September 17, 2021, included an emphasis-of-matter indicating that the Organization has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* and ASU No. 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement.*, and expressed an unmodified opinion on those statements.

The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

CohnReznick LLP

Braintree, Massachusetts
October 19, 2022

United Way of Greater Fall River, Inc.

Statement of Financial Position

As of June 30, 2022
with Comparative Totals as of June 30, 2021

Assets	2022	2021
Cash and cash equivalents	$ 392,482	$ 679,669
Accounts receivable	31,243	5,000
Promises to give, net	338,057	855,355
Prepaid expenses	3,330	3,580
Investments	6,645,522	6,796,024
Property and equipment, net	1,656	3,250
Cash surrender value, life insurance	15,961	15,477
Beneficial interest in perpetual trusts	778,340	886,084
Total Assets	$ 8,206,591	$ 9,244,439
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 58,513	$ 101,937
Grants payable	155,123	148,565
Allocations and designations payable	657,683	593,938
Accrued expenses	31,537	32,987
Charitable gift annuities	6,145	5,893
Total Liabilities	909,001	883,320
Net Assets		
Net assets without donor restriction	3,869,710	4,261,249
Net assets with donor restrictions	3,427,880	4,099,870
Total Net Assets	7,297,590	8,361,119
Total Liabilities and Net Assets	$ 8,206,591	$ 9,244,439

The accompanying notes are an integral part of these financial statements.

United Way of Greater Fall River, Inc.

Statement of Activities

For the Year Ended June 30, 2022
with Comparative Totals for the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals 2022	Totals 2021
Public Support				
Campaign pledges	$ 895,246	$ 137,656	$ 1,032,902	$ 1,611,883
Recovery of prior year pledges	19,976	-	19,976	19,292
Less: Allowance for uncollectible pledges	(80,909)	-	(80,909)	(85,806)
Allocations designated by donors	(70,790)	-	(70,790)	(92,307)
Total Public Support	763,523	137,656	901,179	1,453,062
Other Revenue				
Investment return, net	(334,089)	(374,830)	(708,919)	1,682,918
Change in values of charitable gift annuities	-	(2,721)	(2,721)	5,533
Donated services	2,386	-	2,386	1,268
Accretion of present value discount	1,520	-	1,520	1,488
Other grants and contributions	272,286	-	272,286	209,863
Forgiveness of indebtedness - PPP	-	-	-	57,173
Miscellaneous income, net	1,422	-	1,422	2,547
Total Other Revenue	(56,475)	(377,551)	(434,026)	1,960,790
Net assets released from restrictions	432,095	(432,095)	-	-
Total Public Support and Revenue	1,139,143	(671,990)	467,153	3,413,852
Expenses				
Program services	1,240,578	-	1,240,578	1,608,377
General and administrative	193,888	-	193,888	193,276
Fundraising	96,216	-	96,216	127,976
Total Expenses	1,530,682	-	1,530,682	1,929,629
Change in Net Assets	(391,539)	(671,990)	(1,063,529)	1,484,223
Net Assets at Beginning of Year	4,261,249	4,099,870	8,361,119	6,876,896
Net Assets at End of Year	$ 3,869,710	$ 3,427,880	$ 7,297,590	$ 8,361,119

The accompanying notes are an integral part of these financial statements.

United Way of Greater Fall River, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2022
with Comparative Totals for the Year Ended June 30, 2021

	Program Services	General and Administrative	Fundraising	Total 2022	Total 2021
Salaries	$ 72,624	$ 101,763	$ 31,446	$ 205,833	$ 215,796
Health insurance	715	1,231	270	2,216	3,583
Pension and other benefits	6,237	8,619	2,783	17,639	15,861
Payroll taxes	5,753	7,912	2,489	16,154	18,800
Total employee costs	85,329	119,525	36,988	241,842	254,040
Allocations to agencies and affiliates	611,423	-	-	611,423	759,938
Grants and awards	422,871	-	763	423,634	730,090
Occupancy	19,311	14,986	7,457	41,754	40,224
Office and related	4,825	4,131	4,283	13,239	9,728
Professional fees	88,561	41,680	-	130,241	88,150
National and state dues	-	-	18,085	18,085	17,089
Printing and publications	2,743	2,498	5,947	11,188	4,342
Miscellaneous	4,165	3,345	19,190	26,700	9,200
Postage and shipping	-	510	2,199	2,709	5,306
Telephone	1,350	1,940	795	4,085	4,631
General insurance	-	3,679	509	4,188	4,124
Total operating expenses, before depreciation	1,240,578	192,294	96,216	1,529,088	1,926,862
Depreciation	-	1,594	-	1,594	2,767
Total expenses	$ 1,240,578	$ 193,888	$ 96,216	$ 1,530,682	$ 1,929,629

The accompanying notes are an integral part of these financial statements.

United Way of Greater Fall River, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2022
with Comparative Totals for the Year Ended June 30, 2021

Cash Flows from Operating Activities	2022	2021
Change in Net Assets	$ (1,063,529)	$ 1,484,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,594	2,767
Allowance for doubtful accounts	(32,376)	60,782
Change in value of charitable remainder unitrust	459,285	(88,914)
Revaluation of beneficial interest in perpetual trusts	107,744	(113,672)
Net unrealized and realized gains on long-term investments	753,261	(1,320,219)
Accretion of present value discount on promise to give	(1,520)	(1,488)
Loss on disposal of fixed assets	-	62
Forgiveness of debt	-	(57,173)
Decrease (increase) in assets:		
Accounts receivable	(26,243)	5,000
Promises to give, net	91,909	(3,576)
Cash surrender value, life insurance	(484)	(479)
Prepaid Expenses	250	(250)
Increase (decrease) in liabilities:		
Accounts payable	(43,424)	41,999
Grants payable	6,558	12,750
Allocations and designations payable	63,745	242,452
Accrued expenses	(1,450)	17,440
Charitable gift annuities	252	(7,014)
Net Cash Provided by Operating Activities	315,572	274,690
Cash Flows from Investing Activities		
Purchase of fixed assets	-	(1,106)
Purchase of investments	(686,269)	(410,564)
Proceeds from the sale of investments	83,510	299,793
Net Cash Used in Investing Activities	(602,759)	(111,877)
Net (Decrease) Increase in Cash and Cash Equivalents	(287,187)	162,813
Cash and Cash Equivalents - Beginning	679,669	516,856
Cash and Cash Equivalents - Ending	$ 392,482	$ 679,669

The accompanying notes are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

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 (U.S. GAAP). The significant accounting policies followed by United Way of Greater Fall River, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization was incorporated on December 12, 1957. The Organization was created to organize an annual campaign drive to provide funding for social service agencies in Greater Fall River. The primary funding source is donor contributions from individuals and businesses located in the region.

Fundraising campaigns are conducted from early fall to early spring to raise support for allocations to participating agencies.

Through its Community Impact Grants, undesignated and designated funding is allocated to local health and human service agencies delivering services within the realm of health, education and financial stability.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

Net assets with donor restrictions also includes the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

(d) Cash and Cash Equivalents

The Organization considers all highly-liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from this definition.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2022.

(e) Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility.

Investments include assets of which the Board of Directors retains full control to use in achieving any of their organizational purposes, assets whose use by the Organization have been permanently restricted by donors, and assets restricted by outside sources which may only be utilized in accordance with purposes established by the donor of such funds.

(1) Summary of Significant Accounting Policies - continued

(e) Investments - continued

Included in investments are certain money market funds with maturities of less than three months. Such money market funds are held for the express purpose of investment. All investment income and sale proceeds are deposited in these accounts until the funds can be reinvested or distributed. As such, these money market funds are reported as investments rather than cash equivalents in the accompanying financial statements.

(f) Revenue Recognition

The Organization earns revenue as follows:

Contributions and Campaign Pledges - In accordance with ASC Sub Topic 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 measurable performance-related barrier or other measurable barrier, 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.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse.

Donated Services - Donated services are recognized as contributions if the services received require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2022, the Organization derived approximately 86% in campaign pledges from corporations and individual donors and 14% from other income. All revenue is recorded at the estimated net realizable amounts.

(1) Summary of Significant Accounting Policies - continued

(g) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2022, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. The Organization has no policies requiring collateral or other security to secure the accounts receivable.

(h) Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends, applied as a percentage to gross campaign revenues. As of June 30, 2022, the allowance for uncollectible pledges was $140,074.

(i) Public Support and Revenue

An annual fundraising campaign is conducted each fall to obtain donations and pledges to support allocations to participating members and agencies. Substantially all of the pledges receivable at June 30, 2022 are from corporations and individual donors. The Organization maintains reserves for potential uncollectible pledges that in the aggregate have not exceeded management’s expectations.

(1) Summary of Significant Accounting Policies - continued

(i) Public Support and Revenue - continued

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as received and allowances are provided for amounts estimated to be uncollectible.

The Organization offers a donor designation option to enable donors to specifically designate their contribution to specific agencies, programs, or targeted care areas. Contributions that have been designated by the donor to agencies amounted to $70,790 for the year ended June 30, 2022. Those amounts are not accounted for as revenue by the Organization, but are reported as part of gross campaign results from which the amounts are then reduced to arrive at net campaign results and are reported with campaign pledges in the statement of activities.

(j) Property and Equipment

Property and equipment are recorded at cost or, if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Office equipment	5-7 years

(k) Split-Interest Agreements

Assets received under various split-interest agreements, including perpetual trusts and charitable remainder unitrust, are recorded at fair value and in the appropriate net asset category based on donor stipulation. Contributions are recognized as revenue upon notification of the trust's existence and are equal to the fair value on that date. The fair value of the contribution is measured using the fair value of the assets in the trust. On an annual basis the trust asset is adjusted to reflect changes in fair value due to appreciation or depreciation and the resulting unrealized gain or loss is included in the statement of activities.

(1) Summary of Significant Accounting Policies - continued

(l) Fair Value Measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization's assets that are adjusted to fair value on a recurring basis are described below. The Organization currently has no liabilities that are adjusted to fair value on a recurring basis.

The following sections describe the valuation methodologies used to measure financial assets and liabilities at fair value on a recurring basis.

Investments in Debt and Equity Securities: Quoted market prices are used to determine the fair value of investment securities, and they are included in Level 1. Level 1 securities primarily include publicly traded debt and equity securities. See Note 4 for details of the Organization's investments in debt and equity securities.

Beneficial Interest in Perpetual Trusts: Fair value for the beneficial interest in perpetual trusts is measured using the fair value of the assets held in the trusts as reported by the trustee at June 30, 2022, and adjusted by the Organization's percentage interest. The Organization considers the measurement of its beneficial interest in the trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them, see Note 7.

(1) Summary of Significant Accounting Policies - continued

(l) Fair Value Measurements - continued

Recurring Fair Value Measurements - continued

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2022.

	Level 1	Level 2	Level 3	Total
Investments	$ 6,509,966	$ -	$ -	$ 6,509,966
Beneficial interest in perpetual trusts	-	-	778,340	778,340
	$ 6,509,966	$ -	$ 778,340	$ 7,288,306

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended June 30, 2022.

Changes in Fair Value of Level 3 Assets

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. For the year ended June 30, 2022, there were no transfers in or out of Level 3. The Organization evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The Level 3 financial instrument includes the beneficial interest in perpetual trusts. The principal valuation technique is the Organization's percentage interest in the fair value of the underlying assets as reported by the trustee. The significant unobservable inputs include the duration. Based on the valuation technique, there are no significant input values requiring a weighted average.

(1) Summary of Significant Accounting Policies - continued

(m) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization. Fundraising expenses as a percentage of total contribution revenue was 9% for the year ended June 30, 2022. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(n) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon square footage. All other indirect costs are allocated based on the payroll cost allocation.

(o) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at 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.

(p) Grants and allocations

Grants and allocations are recognized in the period they are approved, provided it is not subject to future contingencies. Grants and allocations payable that are expected to be paid subsequent to year end are recorded at the present value of the expected future payments. As of June 30, 2022, there were $657,683 in allocations payable and $155,123 in grants payable.

(q) Board Restricted Net Assets

It is the policy of the Organization's Board of Directors to designate sums of net assets without donor restrictions to have adequate funds for future expenditures for local and national disaster relief plus to invest funds to act as an endowment for purposes of long-term stability and continuing to meet the needs of the Organization, see Note 13.

(1) Summary of Significant Accounting Policies - continued

(r) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

(s) Summarized Financial Information for 2021

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended **June 30, 2021**, from which the summarized information was derived.

(t) Paycheck Protection Program Loan

As described in Note 10, the Organization received a Paycheck Protection Program (PPP) loan during the fiscal year ended June 30, 2020. The Organization elected to follow the guidance regarding *Debt* found in FASB ASC 470 *Not for Profit Entities - Debt* to account for its PPP loan. During the year ended June, 30, 2021, the loan was forgiven.

(u) Accounting Standards Adopted

For the year ended June 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of the organization and will not change existing recognition and measurement requirements. The Organization has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

(1) Summary of Significant Accounting Policies - continued

(v) Recent Accounting Standards

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on July 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and *ASU 2018-11, Leases (Topic 842), Targeted Improvements*. In December 2019, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Organization's adoption of ASU 2016-02.

(2) Promises to Give

Promises to give, net are comprised of the following:

(a) **Campaign Pledges** - The Organization has received unconditional pledges related to its annual fall fundraising campaign. All unconditional pledges receivable are expected to be collected within one year and are recorded at net realizable value.

The following is an analysis as of June 30, 2022:

Campaign pledges receivable	$	405,236
Less: allowance for uncollectible pledges		(140,074)
Campaign pledges receivable, net	$	265,162

(b) **Contribution Receivable from Charitable Remainder Unitrust** - The Organization was a 50% beneficiary named in a charitable remainder unitrust. After recording the initial contribution receivable of $265,000, the Organization annually remeasured the present value of the estimated future benefit to be received when the agreement terminates. During the year ended June 30, 2022, the agreement terminated and the Organization received a payment of $460,815, as adjusted for unrealized appreciation of $1,530. As of June 30, 2020, no amounts remain outstanding.

(c) **Promise to Give - Life Insurance Proceeds -** The Organization has an unconditional promise to give of $100,000 to be held in perpetuity upon receipt. It has been discounted to its present value of $72,895 as of June 30, 2022.

(3) Property and Equipment

Property and equipment consists of the following as of June 30, 2022:

Office equipment	$	29,427
Less: accumulated depreciation		(27,771)
Total property and equipment, net	$	1,656

(4) Investments

As of June 30, 2022, investments are comprised of the following:

Domestic:	
Common stocks	$ 3,531,389
Corporate bonds	1,895,330
Exchange traded funds	528,291
Mutual funds	82,006
Preferred stocks	207,810
International:	
Foreign equity	125,074
Exchange traded funds	140,066
Investments Total	6,509,966
Money market funds	135,556
Total	$ 6,645,522

Common stocks consist primarily of U.S. stock in large, publicly traded American companies. Corporate bonds consist of bonds from high quality U.S. New York Stock Exchange companies, bearing interest ranging from 2.20% through 5.25%. Mutual funds consist primarily of a diversified portfolio of established domestic and international mutual funds investing in relatively conservative debt and equity securities. Exchange traded funds consist of index funds investing primarily in stocks and bonds. Investment management fees were $35,440 for the year ended June 30, 2022, and are included with investment return on the accompanying statement of activities.

(5) Grants and Allocations

The Organization awards grants and allocations to agencies. The amounts approved and awarded, net of designations from donor contributions, totaled $155,123 in grants and $657,683 in allocations during the year ended June 30, 2022.

(6) Charitable Gift Annuities

The Organization has two charitable gift annuity arrangements in which the donors have contributed assets in exchange for distributions of a fixed amount for a specified period of time to designated beneficiaries. The transferred assets are held as general assets of the Organization and the related annuity liabilities have been recorded. These arrangements are irrevocable and unrestricted as to the use of the funds. The present value of the liability for future payments is revalued annually based on the donor's life expectancy. This amounted to an increase of $2,721 for the year ended June 30, 2022. As of June 30, 2022, the fair value of the estimated future annuity payments is $6,145.

(7) Beneficial Interest in Perpetual Trusts

The Organization has been named as an income beneficiary of three separate trusts, which are held in perpetuity by independent trustees. The Organization has an irrevocable right to receive its percent of the income earned on the trust assets, but will never receive the invested assets of the trusts. The total income distributed to the Organization from these trusts is unrestricted and included in net assets without donor restrictions on the statement of activities. The trust assets are presented at their fair value of $778,340 as of June 30, 2022 and reflected in net assets with donor restrictions. The statement of activities reflects the current earnings as investment return and, when applicable, the change in the fair value that occurs as a result of market fluctuations as unrealized gain or loss in net assets with donor restrictions. As of June 30, 2022, the change resulted in unrealized net losses of $107,744.

(8) Donated Services

The Organization received contributed printing services during the year ended June 30, 2022 totaling $2,386. The services were used for fundraising activities and there was no donor restrictions. The Organization values these services based on the advertised costs for the same services.

(9) Employee Benefits

The Organization has a retirement savings program covering substantially all of its employees. Employees are allowed to make salary reduction contributions to the plan. Employer contributions are based on 8% of qualified salaries. Total pension expense was $16,674 during the year ended June 30, 2022.

(10) Note Payable - Paycheck Protection Program (PPP)

The Organization received a PPP loan from BayCoast Bank during the fiscal year ended June 30, 2020 in the original amount of $57,173 with a maturity date of April 22, 2022. The loan bore interest at a rate of 1%, which was deferred for the first 10 months following the end of the covered period. The SBA has disclosed criteria for forgiveness which include but is not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. During the year ended June 30, 2021, the loan was fully forgiven and the Organization recognized $57,173 of income.

(11) Operating Lease Commitment

The Organization occupies space under a 10 year operating lease agreement expiring September 30, 2026. The minimum monthly rental payments is $3,330 for the first 60 months through September 30, 2021, increasing to $3,500 for the remainder of the term. Lease expense for the year ended June 30, 2022 amounted to $41,754 and includes charges for utilities and cleaning services.

The minimum annual operating lease commitments during the next five years are as follows at June 30,:

2023	$ 42,000
2024	42,000
2025	42,000
2026	42,000
2027	10,500
	$ 178,500

(12) Related Party Transactions

The Organization purchased printing, insurance and other services from the businesses of three members who serve on the Board of Directors totaling $17,306.

(13) Net Assets

(a) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2022, net assets with donor restrictions are restricted for the following purposes or periods:

Endowments in perpetuity, with earnings subject to expenditure for a specific purpose	$ 1,369,074
Endowments in perpetuity, without restriction on use of earnings	1,081,664
Beneficial interest in perpetual trusts	778,340
Total net assets with donor restrictions in perpetuity	3,229,078
Timing restriction	22,493
COVID-19	35,711
Investment return, awaiting appropriation	139,048
Horne fund for scholarships	1,550
Total net assets with donor restrictions	$ 3,427,880

(13) Net Assets - continued

(b) Net Assets without Donor Restrictions

The Organization's net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes as of June 30, 2022:

Undesignated	$ 593,599
Board designated quasi-endowment fund	3,050,991
Board designated as service fund	150,163
Board designated for disaster relief	74,957
Total	$ 3,869,710

Board Designated for Quasi-Endowment - The Organization's Board has designated funds to be set aside to establish and maintain a quasi-endowment for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization.

(14) Endowment

(a) Donor Restricted

The Organization accepts endowment gifts under the stipulation that the funds are invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with the Organization's endowment spending policy. The goals of the endowment fund are to generate current income and long-term growth. The Organization's investment committee oversees the establishment and revision of goals, spending plans and asset allocations for endowments.

The Organization's endowment consists of funds totaling $1,369,074 (known collectively as "Service Funds") that contain donor restrictions as to the use of income for particular services funded by the Organization. In addition, the Organization's endowment consists of $1,081,664 in which there are no restrictions on the use of earnings.

Annually, the Organization calculates approximately 5.5% of these endowment funds and transfers the amount, $80,686 for 2022, to net assets without donor restrictions for allocation to the specified services.

If the use of earnings on endowment funds held in perpetuity is not specified by donor, the income is used to offset general and administrative expenses. Therefore, the Organization calculates approximately 4½% of the sum of a three-year average balance of the aggregate of its investment portfolio, less the Service Funds mentioned above, plus its savings account and beneficial interest in perpetual trusts. For 2021, this amounted to $43,930 from its board and donor restricted net assets to support its operations.

(14) Endowment - continued

(b) Uniform Prudent Management of Institutional Funds Act

The Organization's management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use enacting legislation. UPMIFA was adopted by the Commonwealth of Massachusetts effective June 30, 2009. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

The Board has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Further, per the interpretation, the UPMIFA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the permanent portion of net assets with donor restrictions is classified in the temporary portion of net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

(c) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets without donor restrictions. There were no such deficiencies as of June 30, 2022.

(14) Endowment - continued

(d) Composition and Reconciliation of Endowment Funds

A reconciliation of the Organization's endowment by net asset class for the year ending June 30, 2022 is presented as follows:

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 3,757,671	$ 3,336,822	$ 7,094,493
Contributions and transfers in	11,963	-	11,963
Investment return	(715,202)	-	(715,202)
Change in value of beneficial interest in perpetual trusts	-	(107,744)	(107,744)
Appropriation available for expenditure	(3,441)	-	(3,441)
Endowment net assets, end of year	$ 3,050,991	$ 3,229,078	$ 6,280,069

(15) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date. Amounts already appropriated from either the donor-restricted endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

(15) Liquidity and Availability of Resources - continued

Financial assets at year end:		
Cash and cash equivalents	$	392,482
Accounts receivable		31,243
Promises to give, net		338,057
Investments		6,645,522
Cash surrender value of life insurance		15,961
Beneficial interest in perpetual trusts		778,340
Total		8,201,605
Less amounts unavailable for general expenditures within one year, due to:		
Designated by donors for specific purposes and time		198,802
Restricted by donors in perpetuity		3,229,078
Board designated net assets		3,311,857
Designated for grants		155,123
Designated for allocations		657,683
Total		7,552,543
Financial assets available to meet cash needs for general expenditures within one year	$	649,062

As part of the liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposit and money market funds. Accordingly, the accounts shall maintain sufficient liquidity to fund distribution requests within a reasonable time period.

Donor-restricted and board-restricted endowment funds are appropriated for use subject to an annual spending rate of 5.5% as approved by the Board. Unrestricted funds designated by the board as endowments provide revenue to offset administration expenses and/or provide support for the annual campaign to enable the goal to be realized in times of economic upheaval. The annual spending rate of 5.5% is subject to the Board's annual budget approval and appropriation. Although the intent is not to spend from the board designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation) these amounts could be made available if necessary.

(16) COVID-19 - Risks and Uncertainties

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As described in Note 10, the Organization received a PPP loan that was forgiven. Further, the Organization's liquidity as of June 30, 2022 is documented at Note 15. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(17) Subsequent Events

The Organization has performed an evaluation of subsequent events through October 19, 2022, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in these financial statements.

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