United Way of Greater New Bedford, Inc.

Financial Statements and Supplemental Data

June 30, 2022

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UNITED WAY OF GREATER NEW BEDFORD, INC.

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June 30, 2022

Independent Auditor's Report

To the Board of Directors of
United Way of Greater New Bedford, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Greater New Bedford, 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") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 October 28, 2021, included an emphasis-of-matter indication that the Organization has adopted ASU No. 2014-09, *Revenue from Contracts with Customers*, and expressed an unmodified opinion on those statements. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 GAAS and *Government 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 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CohnReznick LLP

Fall River, Massachusetts
November 3, 2022

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
United Way of Greater New Bedford, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Greater New Bedford, 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, and have issued our report thereon dated November 3, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Fall River, Massachusetts
November 3, 2022

UNITED WAY OF GREATER NEW BEDFORD, INC.

Statement of Financial Position

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

	2022	2021
Current Assets		
Cash and cash equivalents	$ 1,004,877	$ 1,192,187
Short term investments	560,523	537,170
Accounts receivable	415,049	379,987
Campaign pledge receivables, net	253,598	326,092
Prepaid expenses	17,733	14,677
Total current assets	2,251,780	2,450,113
Fixed Assets		
Leasehold improvements	45,365	45,365
Office equipment	28,685	28,685
Vehicles	108,694	108,694
Total fixed assets	182,744	182,744
Less: accumulated depreciation	(152,865)	(140,065)
Total net fixed assets	29,879	42,679
Other Assets		
Long term investments	1,215,271	1,425,494
Total Assets	$ 3,496,930	$ 3,918,286

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

UNITED WAY OF GREATER NEW BEDFORD, INC.

Statement of Financial Position - continued

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

Current Liabilities	**2022**	**2021**
Accounts payable	$ 35,937	$ 45,183
Donor designated allocations payable	147,467	240,701
Program initiatives and grants payable - short-term	823,827	694,950
Deferred revenue	93,211	12,766
Accrued expenses	88,289	159,235
Note payable - Paycheck Protection Program	-	221,454
Total current liabilities	1,188,731	1,374,289
Long-Term Liabilities		
Program initiatives and grants payable - long-term	328,008	381,428
Total liabilities	1,516,739	1,755,717
Net Assets		
Net assets without donor restrictions	1,938,776	2,093,095
Net assets with donor restrictions	41,415	69,474
Total net assets	1,980,191	2,162,569
Total Liabilities and Net Assets	$ 3,496,930	$ 3,918,286

UNITED WAY OF GREATER NEW BEDFORD, 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	2022 Total	2021 Total
Revenue and Support				
Total campaign support	$ 853,375	$ -	$ 853,375	$ 1,278,026
Less: donor designations	(53,223)	-	(53,223)	(69,047)
Less: allowance for uncollectible pledges	(48,666)	-	(48,666)	(93,678)
Net campaign support	751,486	-	751,486	1,115,301
Contracts	2,408,150	-	2,408,150	2,151,081
Contributions and grants	442,562	139,983	582,545	536,200
Special events	117,910	-	117,910	83,482
In-kind contributions	544,898	-	544,898	2,207,878
Investment returns	(268,145)	-	(268,145)	402,317
Net assets released from restrictions	168,042	(168,042)	-	-
Total revenue and support	4,164,903	(28,059)	4,136,844	6,496,259
Expenses				
Program services	3,634,120	-	3,634,120	5,238,578
Administration	428,719	-	428,719	365,104
Fundraising	256,383	-	256,383	247,989
Total expenses	4,319,222	-	4,319,222	5,851,671
Total Change in Net Assets	(154,319)	(28,059)	(182,378)	644,588
Net Assets at Beginning of Year	2,093,095	69,474	2,162,569	1,517,981
Net Assets at End of Year	$ 1,938,776	$ 41,415	$ 1,980,191	$ 2,162,569

UNITED WAY OF GREATER NEW BEDFORD, 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	$ (182,378)	$ 644,588
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	12,800	22,189
Forgiveness of note payable - Paycheck Protection Program	(221,454)	-
Net unrealized and realized gains on investments	292,639	(374,973)
Decrease (increase) in assets		
Accounts receivable	(35,062)	(117,682)
Campaign pledges receivable	72,494	751
Prepaid expenses	(3,056)	(2,155)
Increase (decrease) in liabilities		
Accounts payable	(9,246)	20,130
Donor designated allocations payable	(93,234)	(55,009)
Program initiatives payable	75,457	94,907
Accrued expenses	(70,946)	26,818
Deferred revenue	80,445	12,766
Net Cash (Used in) Provided by Operating Activities	(81,541)	272,330
Cash Flows from Investing Activities		
Proceeds from the sale of investments	811,363	325,980
Purchase of investments	(877,970)	(278,991)
Dividends and interest	(39,162)	(41,158)
Net Cash (Used in) Provided by Investing Activities	(105,769)	5,831
Net (Decrease) Increase in Cash and Cash Equivalents	(187,310)	278,161
Cash and Cash Equivalents - Beginning	1,192,187	914,026
Cash and Cash Equivalents - Ending	$ 1,004,877	$ 1,192,187
Supplemental Data for Noncash Investing and Financing Activities		
Forgiveness of note payable - Paycheck Protection Program	$ 221,454	$ -

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

UNITED WAY OF GREATER NEW BEDFORD, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2022
With Comparative Totals as of June 30, 2021

	Community Services	Community Investment	Family Support	Youth Violence Prevention and Reduction	Total Program Services	Administration	Fundraising	2022 Total	2021 Total
Employee compensation and related expenses	$ 215,721	$ 53,369	$ 462,155	$ 355,540	$ 1,086,785	$ 226,862	$ 139,744	$ 1,453,391	1,501,408
Occupancy	9,327	-	59,255	54,615	123,197	22,478	10,387	156,062	131,261
Other program/operating expense	148,520	550,039	64,534	518,756	1,281,849	1,602	3,522	1,286,973	1,232,941
Subcontract expense	-	-	110,000	-	110,000	-	-	110,000	107,742
Direct administrative expense	11,345	271	143,570	75,279	230,465	90,943	531	321,939	242,138
Other expenses	52,294	-	11,622	229,064	292,980	86,834	53,345	433,159	406,114
In-kind expenses	496,044	-	-	-	496,044	-	48,854	544,898	2,207,878
Depreciation	5,132	-	-	7,668	12,800	-	-	12,800	22,189
Total Functional Expenses	$ 938,383	$ 603,679	$ 851,136	$ 1,240,922	$ 3,634,120	$ 428,719	$ 256,383	$ 4,319,222	$ 5,851,671

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 New Bedford, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization is an independent, not-for profit corporation and a member of United Way Worldwide. The Organization's mission is to mobilize people, partnerships, and resources to catalyze change that strengthens the communities served. The geographic focus is the City of New Bedford and eight surrounding towns: Acushnet, Dartmouth, Fairhaven, Freetown, Marion, Mattapoisett, Rochester and Wareham. Since its inception, it has encouraged local philanthropy at all levels and invested in quality programs. Unlike other traditional United Ways that focus on a fundraising campaign and the allocations of dollars raised, the Organization's approach is unique. In addition to grant-making with dollars raised, the Organization also operates its own programs as well as supports strategic community partnerships, initiatives and cross-sector collaboratives.

The majority of the Organization's services are provided to Greater New Bedford residents. The following program divisions are:

Community Services Program - The Community Services program provides volunteer placement through its online volunteer matching database, conducts events for individuals to engage in community service through various service events, distributes donated food through the Hunger Commission, works with grassroots groups through the Changemaker Grants program and promotes awareness, education and effectiveness of COVID-19 vaccines throughout the community through the Vaccine Connect program.

Community Services Program accounted for 26% of total program expenditures for the year ended June 30, 2022.

Community Investment Program - Through its Community Impact Grants and a Citizens Review process, undesignated funding is granted to local agencies and public entities delivering services within United Way strategic priority areas of Health, Education, Financial Stability and Basic Needs.

Through the Changemaker Grants Program, the Organization awards small grants to all volunteer, grassroots groups doing projects in the strategic priority areas.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

The Innovation Fund funds higher risk, higher reward projects that aim to be breakthroughs in the areas of Health, Education, Financial Stability and Basic Needs. Eligible projects must reimagine the design of a program, use technology in a new way, or test new communications tools.

Women United funded initiatives will support projects and programs focused on Early Childhood Development and Early Literacy. It strives to provide families access to the necessary tools, resources and opportunities to engage in quality early learning experiences with their young children by investing in innovative programs and services.

The Emerging Needs & Opportunities Fund allows the Organization to fund projects that fall outside of the scope and timing of other funding streams, including projects that arise due to emergencies and crises and as time sensitive opportunities that have the potential for great impact.

The Holiday United Fund will offer small grants to help local non-profit organizations brighten the holidays for individuals and families who are in need with holiday assistance offerings such as toys, gifts, clothing, or food.

The Diversity, Equity and Inclusion (DEI) Capacity Building Fund will support local nonprofits to strengthen or develop their own DEI agenda. The fund will offer grants to develop their agency specific equity lens in governance and operational practices.

All applications and proposals are reviewed for their articulation of the importance of the challenge they are targeting in the community, the appropriateness and credibility of the proposed strategy to address the challenge, the capability and capacity of their organization or group to carry out the program strategy and the measurable benefit per dollar invested.

Community Investment Program accounted for 17% of total program expenditures for the year ended June 30, 2022.

Family Support Program: This program is funded through two cost-reimbursement contracts and an accommodation rate contract from the Commonwealth of Massachusetts Department of Children and Families (DCF) and a cost reimbursement grant with the Massachusetts Service Alliance. Ultimately, the goal of this work is to strengthen families, prevent child abuse and neglect and build a healthier community.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Family Resource and Development Center (FRC) - The Family Resource Center offers an array of services for families whose children range from birth to 18 years of age. With behavioral health partner, Child and Family Services, the FRC provides a range of services and supports for families in need, including assessment services and information and referral resources for such things as housing services, food and nutrition services, transportation and employment and child care. The FRC also provides parent educational groups, parent-child activities, educational classes and workshops for both parents and teens. In addition, the FRC provides specific services for parents and children who are dealing with serious problems at home and at school, known as Children Requiring Assistance (CRA). These services include access to a range of voluntary mental health services and wrap-around support services.

New Bedford Community Connections Coalition (NBCCC) - The main focus of the coalition is to facilitate the organization of a comprehensive family support system throughout the City of New Bedford while promoting a community centered child welfare best practices approach.

PATCH - Co-located in the Family Resource Center, along with NBCCC staff, is the DCF PATCH Unit. Patch is a team of DCF social workers working closely with our NBCCC staff to promote shared ownership of the problem of child protection within our community. Being co-located with NBCCC enables DCF social workers to connect families involved with DCF to community resources more quickly, minimizing the need for lengthy DCF intervention, and provides families access to an array of resources to help prevent repeat child maltreatment.

The New Bedford Strengthening Families (NBSF) AmeriCorps Program - An AmeriCorps State program led by United Way of Greater New Bedford. AmeriCorps is a national service program where members provide service to make people safer, stronger, and healthier to strengthen their communities. AmeriCorps members serving at different host sites implement evidence-based interventions that strengthen families, with a focus on preventing child abuse and neglect. The NBSF AmeriCorps program is based in the Strengthening Families Protective Factors Framework that centers on five interrelated family protective factors: knowledge of parenting and child development, concrete supports in times of need, social connections, social and emotional competence of children, and parental resilience.

Family Support Program accounted for 23% of total program expenditures for the year ended June 30, 2022.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Youth Violence Prevention and Reduction Program: In a concerted effort to help address the issue of youth violence, the Organization, with funding from the Massachusetts Executive Office of Health and Human Services and support from the Executive Office of Public Safety and Security and in partnership with the New Bedford Police Department, serves as Lead Agency for the City of New Bedford's Safe and Successful Youth Initiative (SSYI) and assists in operating the New Bedford's Shannon grant (NBS).

Safe and Successful Youth Initiative (SSYI) - SSYI is an interagency strategy for reducing violence. It is specifically focused on young men, ages 17-24 identified by local enforcement as the "proven risk" individuals in New Bedford on the basis that a disproportionately small number of individuals drive the majority of violent crime in communities.

SSYI is designed to support a continuum of services that includes the following: street outreach and engagement, needs assessments, intensive case management, mental health counseling and education and employment services.

NBS supports efforts to steer at risk youth ages 10-24 away from gangs and prevent youth violence, by intervening with appropriate services and supports before early problem behaviors turn into serious juvenile delinquency and gang involvement.

NBS provides a range of prevention and intervention services including management and street outreach and intervention, positive youth development and recreation, education and employment opportunities and a coordinated law enforcement response through targeted suppression and prosecution.

Youth Violence Prevention and Reduction Program accounted for 34% of total program expenditures for the year ended June 30, 2022.

(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.

(1) Summary of Significant Accounting Policies - continued

(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:

<u>Net Assets Without Donor Restrictions</u> - 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. Net assets without donor restrictions 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.

<u>Net Assets With Donor Restrictions</u> - 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.

(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 building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Organization maintains its cash balances at two financial institutions located in Massachusetts. Certain 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.

(1) Summary of Significant Accounting Policies - continued

(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/(loss) 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.

(f) Revenue Recognition

The Organization earns revenue as follows:

Program Service Fees and Contracts - Federal and state contracts that are considered reciprocal transactions or purchases of services, the results of which are turned over to the grantor, are recognized as the work under the contract is performed. Contracts that are considered nonreciprocal transactions that further the programs of the Organization are recorded when the Organization receives notification of the contract, or if, conditions for performance are imposed, revenue is recognized when conditions have been met. All contracts consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agencies. For the year ended June 30, 2022, predominantly all program service fees of the Organization represent nonreciprocal transactions.

Contributions and Grants - 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.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

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. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Special Events - Special events revenue is recognized when earned. Special events are incidental to the Organization's operations and the related direct expenses have been reported with fundraising expense in the accompanying Statement of Activities.

Donated Goods, Materials and Services - Donations other than cash (securities) are recorded at their estimated fair market value at the date of the gift. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated goods, materials and services are recognized in the financial statements 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. Certain services donated to the Organization by community volunteers do not meet the above criteria and, therefore, are not recognized in the financial statements.

Deferred revenue represents program service fee income received prior to year-end. These amounts are deferred and recognized over the periods to which the fees relate.

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 62% from governmental agencies, 26% from corporations and individual donors and 12% from other sources. All revenue is recorded at the estimated net realizable amounts.

(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.

(1) Summary of Significant Accounting Policies - continued

(g) Accounts Receivable - continued

The Organization does not have a policy to accrue interest on accounts receivable. The Organization has no policies requiring collateral or other security to secure the accounts receivable. As of June 30, 2022, the Organization's accounts receivable is 98% from state and local agencies and 2% from state and local agencies.

(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 contribution 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 $48,666.

(i) Public Support and Revenue

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. As further described in these notes, contributions received that are intended to be used in a subsequent year are time-restricted and/or purpose restricted contributions and are recorded as net assets with donor restrictions until the time expires or the purpose is fulfilled. 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.

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.

Contributions received are recorded as net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

(1) Summary of Significant Accounting Policies - continued

(i) Public Support and Revenue - continued

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 and individuals amounted to $53,223 for the year ended June 30, 2022, of which $22,903 is outstanding and included in other current liabilities on the Statement of Financial Position as of June 30, 2022, and will be paid within the coming year from current cash balances and from collections on campaign pledge receivables. 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. For Uniform Financial Reporting purposes, net campaign results are reported with contributions in the Statement of Activities.

(j) Land, Building and Equipment

Land, building 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:

Leasehold improvements	4-5 years
Vehicles	5 years
Office equipment	3-5 years

(k) 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. Administration 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 allocations of salary.

(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 traded 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 Measurements

The following section describes the valuation methodologies used to measure financial assets at fair value on a recurring basis:

Investments in Debt, Equity Securities, Common Stock, Exchange Traded Funds and Mutual Funds, see Note 3. 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.

The Organization had no liabilities measured at fair value on a recurring basis as of June 30, 2022.

Non-recurring Measurements

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. The Organization had no assets or liabilities measured at fair value on a non-recurring basis as of June 30, 2022.

(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 and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 13% 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) 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.

(o) 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.

Generally, the Organization's information returns remain open for possible examination for three years after the filing date. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open. As of June 30, 2022, the Organization believes that there are no uncertain tax positions with any of its open tax years.

(p) 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.

(1) Summary of Significant Accounting Policies - continued

(q) Recent Accounting Standard Adopted

During 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.

(r) 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 January 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.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The ASU adds to U.S. GAAP an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, the Organization recognizes as an allowance its estimate of expected credit losses. The ASU is effective 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.

(2) Pledges Receivable

The Organization has received unconditional pledges related to their annual fall fundraising campaigns. All unconditional pledges receivable are expected to be collected within one year and are recorded at net realizable value.

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

Campaign pledges receivable	$ 302,264
Less: allowance for uncollectible pledges	(48,666)
Campaign pledges receivable, net	$ 253,598

(3) Investments

Investments are valued at fair value using Level 1 inputs, unadjusted quoted prices in active markets, and are comprised of the following as of June 30, 2022:

	Long-Term	Current
Domestic:		
Corporate bonds	$ 291,453	$ -
Mutual funds	326,719	-
Common stock	342,281	560,523
Exchange traded funds	120,411	-
International:		
Equity	26,061	-
Exchange traded funds	108,346	-
Total	$ 1,215,271	$ 560,523

Corporate bonds consist of four bonds from high quality U.S. New York Stock Exchange companies, bearing interest at 2.125% and 3.875%. Mutual funds consist primarily of 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. Marketable equity securities consist primarily of U.S. stock in large, publicly traded American companies. Investment management fees were $15,963 for the year ended June 30, 2022, and are included with investment return on the accompanying Statement of Activities. Investments totaling $1,215,271 are classified as long term as it is management's intention to hold them for the long term stability of the Organization.

(4) Land, Buildings and Equipment

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

Leasehold improvements	$ 45,365
Office equipment	28,685
Vehicles	108,694
Total	182,744
Less: accumulated depreciation	(152,865)
Land, buildings and equipment, net	$ 29,879

(5) Line of Credit

The Organization has available a demand line of credit with Baycoast Bank of $200,000 to be drawn upon as needed with an interest rate of 5%. The line is subject to renewal on November 30, 2022. The line is secured by the Organization's general business assets. There was no outstanding amounts as of June 30, 2022.

(6) Operating Lease Commitments

The Organization occupies space under tenant at will agreements. The minimum property rental payments are subject to adjustments based on increases in taxes, insurance and maintenance costs.

The Organization has entered into several non-cancelable, operating lease agreements for equipment with varying expiration dates through 2025.

The minimum annual operating lease commitments are as follows:

2023	$ 6,113
2024	5,714

Lease expense for the year ended June 30, 2022 amounted to $140,834.

(7) Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated books	$ 4,409	Program services	None	Value of the books
Donated marketing	30,794	Fundraising	None	Fair market value of the asset at the date of donation
Donated event services	18,060	Fundraising	None	Fair market value of the asset at the date of donation
Donated food	491,635	Program services	None	Fair market value of the asset at the date of donation
Total	$ 544,898			

(8) 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:

Subject to expenditure for a specified purpose:	
Program Support	$ 41,415

Net assets released from restrictions during the year ended June 30, 2022 were $168,042, of which all was from program restrictions.

(9) Employee Benefits

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b) of the IRC for the benefit of eligible employees. Full-time employees meeting certain requirements are eligible to participate in the plan. The Organization matches 100% of the participant's deferral up to 5% of his or her compensation. The Organization's contributions under this plan amounted to $27,703 for the year ended June 30, 2022.

(10) Commitments and Contingencies

The Organization receives a portion of its funding from governmental agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the governmental agencies. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization's operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the Massachusetts Department of Children and Families and the City of New Bedford.

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by the Massachusetts Department of Children and Families. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

(11) Paycheck Protection Program Loan

The Organization received a Paycheck Protection Plan loan from BayCoast Bank during the fiscal year ended June 30, 2020 in the original amount of $221,454 with a maturity date of April 16, 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. Management expected that the loan would be substantially forgiven during the year ended June 30, 2022 and as such the loan had been presented as a current liability on the Statement of Financial Position. The SBA had disclosed criteria for forgiveness which include but 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. The Organization recognized forgiveness of the loan in full as of June 30, 2022.

(12) Program Initiatives/Grant Awards

The following is a list of grants awarded and designated to various agencies and program initiatives for the year ended June 30, 2022, approved by the Board of Directors. As of June 30, 2022, these awards and designations are included in both other current liabilities and other long-term liabilities on the Statement of Financial Position and the corresponding program/operating expenses on the Statement of Functional Expenses.

	Short Term	Long Term
Grant Awards:		
Community Impact Grants	$ 450,000	$ -
Emerging Community Needs	10,000	11,550
Innovation Fund	100,000	78,203
Changemaker Grants	28,198	25,000
Total Grant Awards	588,198	114,753
Program Initiatives:		
Impact Initiative	100,000	213,255
DEI Capacity Building	25,000	-
Holiday Fund Payable	20,000	-
Women United	90,629	-
Total Program Initiatives	235,629	213,255
Donor Designated Allocations Payable:		
Help United Fund	124,564	-
Donor Designations	22,903	-
	147,467	-
Total	$ 971,294	$ 328,008

(13) Related Party Transactions

During the year ended June 30, 2022, a board member works for the insurance agency that brokers the groups dental insurance. The Organization paid $4,601 in dental insurance premiums directly to the dental insurance provider for the year ended June 30, 2022. During the year ended June 30, 2022, a board member works for the insurance agency that brokers the health, liability, auto, workman's compensation, cyber liability and accident insurance for the Organization. The Organization paid $163,062 in insurance premiums directly to the insurance providers for the year ended June 30, 2022, of which $2,846 was paid directly to the board member's insurance agency.

(14) 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.

Financial assets at year end		
Cash and cash equivalents	$	1,004,877
Investments		560,523
Accounts and contributions receivable, net		668,647
Total		2,234,047
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for specific purposes		41,415
Financial assets available to meet cash needs for general expenditures within one year	$	2,192,632

The Organization's financial assets are reduced by amounts not available for general use because of donor-imposed restrictions within one year from the statement of financial position date. Amounts not available also include amounts set aside for long-term investment that could be liquidated and drawn upon at the board of directors' discretion.

In addition, as part of our liquidity management, the Organization regularly monitor liquidity required to meet operating needs, commitments and other obligations as they become due. In the event of an unanticipated liquidity need, the Organization has the ability to draw upon the available line of credit.

(15) 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. At this stage, the limited impact to the Organization resulted in a loss of revenues and other adverse effects to the Organization's financial position, results of operations, and cash flows. As described in Note 11, the Organization received a PPP loan. Further, the Organization's liquidity as of June 30, 2022 is documented at Note 14. 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.

(16) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 3, 2022, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred, other than the item noted below, since June 30, 2022 that required recognition or disclosure in these financial statements.

On July 1, 2022, the Organization transferred the management of the SSYI and NBS programs to an unrelated agency.

UNITED WAY OF GREATER NEW BEDFORD, INC.

Schedule of Findings and Responses

June 30, 2022

(1) Current Year Audit Findings

No significant deficiencies or material weaknesses reported.

(2) Status of Prior Year Audit Findings

No significant deficiencies or material weaknesses reported.

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