

**UNITED WAY OF MONMOUTH AND OCEAN COUNTIES**

***FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**YEARS ENDED JUNE 30, 2023 AND 2022**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
United Way of Monmouth and Ocean Counties  
Wall Township, New Jersey**

### *Opinion*

We have audited the accompanying financial statements of United Way of Monmouth and Ocean Counties (the “*Organization*”) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the *Organization* as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the *Organization* and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *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; this includes 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 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, including omissions, 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.

**To the Board of Directors  
United Way of Monmouth and Ocean Counties  
Wall Township, New Jersey**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Statements of Grants to Agencies and Additional Resources Generated on pages 17-18, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Iselin, New Jersey  
March 7, 2024**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF FINANCIAL POSITION

June 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 783,490	\$ 673,636
Investments <i>(Note 3)</i>	621,853	600,268
Pledges receivable, net <i>(Note 2)</i>	210,692	321,077
Other receivables	25,164	69,094
Gift of Warmth receivable <i>(Note 5)</i>	80,000	80,000
Prepaid expenses	24,161	18,469
Rent security deposits	14,448	14,448
Right-of-use asset <i>(Note 6)</i>	119,900	-
Property and equipment, net <i>(Note 4)</i>	<u>35,012</u>	<u>48,326</u>
<b>Total Assets</b>	<b><u>\$1,914,720</u></b>	<b><u>\$1,825,318</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and payroll related payables	\$ 58,417	\$ 87,503
Deferred revenue	8,650	-
Deferred rent	-	14,326
Lease liability <i>(Note 6)</i>	127,039	-
Designations and grants payable	<u>633,140</u>	<u>585,110</u>
<b>Total Liabilities</b>	<b><u>827,246</u></b>	<b><u>686,939</u></b>
<b>NET ASSETS</b>		
<b>Without Donor Restrictions <i>(Note 5)</i></b>		
Available for operations	572,210	769,514
Investment in property and equipment	<u>35,012</u>	<u>48,326</u>
<b>Total Without Donor Restrictions</b>	<b>607,222</b>	<b>817,840</b>
<b>With Donor Restrictions <i>(Note 5)</i></b>	<b><u>480,252</u></b>	<b><u>320,539</u></b>
<b>Total Net Assets</b>	<b><u>1,087,474</u></b>	<b><u>1,138,379</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$1,914,720</u></b>	<b><u>\$1,825,318</u></b>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Years Ended June 30, 2023 And 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Gross Campaign Results:	\$ 1,187,515	\$ 222,398	\$ 1,409,913	\$ 1,327,280	\$ 256,035	\$ 1,583,315
Less: Donor designations	(473,882)	-	(473,882)	(606,982)	-	(606,982)
Provision for uncollectible	(65,045)	-	(65,045)	(76,441)	-	(76,441)
Campaign contributions revenue	648,588	222,398	870,986	643,857	256,035	899,892
Other revenue, gains (losses) and other support:						
Government grant revenue	281,901	-	281,901	197,693	-	197,693
Grant income	43,600	10,000	53,600	53,500	10,000	63,500
Special events, net of direct costs of \$59,343 and \$72,392 in 2023 and 2022	116,472	-	116,472	176,662	-	176,662
Designations from other United Way's	16,285	-	16,285	132,166	-	132,166
Service fees	-	-	-	635	-	635
Donations in-kind ( <i>Note 11</i> )	203,838	-	203,838	257,264	-	257,264
Investment income	22,036	-	22,036	17,326	-	17,326
Miscellaneous revenue	338	-	338	7,517	-	7,517
Net assets released from restrictions due to satisfaction of requirements ( <i>Note 5</i> )	72,685	(72,685)	-	136,474	(136,474)	-
<b>Total other revenue and gains (losses)</b>	<b>757,155</b>	<b>(62,685)</b>	<b>694,470</b>	<b>979,237</b>	<b>(126,474)</b>	<b>852,763</b>
<b>Total revenue, gains and other support</b>	<b>1,405,743</b>	<b>159,713</b>	<b>1,565,456</b>	<b>1,623,094</b>	<b>129,561</b>	<b>1,752,655</b>
<b>EXPENSES</b>						
Program services:						
Gross funds awarded/distributed	473,882	-	473,882	937,717	-	937,717
Less: donor designations	(473,882)	-	(473,882)	(606,982)	-	(606,982)
Net funds awarded/distributed	-	-	-	330,735	-	330,735
Community Service	402,995	-	402,995	311,811	-	311,811
Volunteer Center	610,291	-	610,291	476,033	-	476,033
Gift of Warmth	62,685	-	62,685	136,474	-	136,474
<b>Total program services</b>	<b>1,075,971</b>	<b>-</b>	<b>1,075,971</b>	<b>1,255,053</b>	<b>-</b>	<b>1,255,053</b>
Supporting services:						
Administrative	333,021	-	333,021	239,332	-	239,332
Fundraising	229,644	-	229,644	325,029	-	325,029
<b>Total supporting services</b>	<b>562,665</b>	<b>-</b>	<b>562,665</b>	<b>564,361</b>	<b>-</b>	<b>564,361</b>
<b>Total expenses</b>	<b>1,638,636</b>	<b>-</b>	<b>1,638,636</b>	<b>1,819,414</b>	<b>-</b>	<b>1,819,414</b>
<b>Excess (deficit) of revenue over expenses</b>	<b>(232,893)</b>	<b>159,713</b>	<b>(73,180)</b>	<b>(196,320)</b>	<b>129,561</b>	<b>(66,759)</b>
<b>OTHER CHANGES</b>						
Realized and unrealized gains (losses)	22,275	-	22,275	(94,431)	-	(94,431)
<b>Increase/(decrease) in net assets</b>	<b>(210,618)</b>	<b>159,713</b>	<b>(50,905)</b>	<b>(290,751)</b>	<b>129,561</b>	<b>(161,190)</b>
<b>NET ASSETS</b>						
Beginning of year	817,840	320,539	1,138,379	1,108,591	190,978	1,299,569
End of year	\$ 607,222	\$ 480,252	\$ 1,087,474	\$ 817,840	\$ 320,539	\$ 1,138,379

See notes to financial statements.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2023

	PROGRAM				SUPPORTING SERVICES			
	Community Service	Volunteer Center	Gift of Warmth	Total	Administrative	Fund Raising	Total	Grand Total
Awards/Distributions	\$ 473,882	\$ -	\$ -	\$ 473,882	\$ -	\$ -	\$ -	\$ 473,882
Less Donor Designations	<u>(473,882)</u>	<u>-</u>	<u>-</u>	<u>(473,882)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(473,882)</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Labor and related expenses	154,997	289,684	-	444,681	123,778	132,467	256,245	700,926
Occupancy	20,589	38,480	-	59,069	16,442	17,596	34,038	93,107
Professional Services	3,018	5,641	-	8,659	171,783	2,580	174,363	183,022
Promotion and Marketing	-	-	-	-	-	14,603	14,603	14,603
United Way Dues	4,223	7,893	-	12,116	3,372	3,609	6,981	19,097
IT and Telephone	4,720	8,822	-	13,542	3,770	5,702	9,472	23,014
Insurance	3,138	5,864	-	9,002	2,506	2,681	5,187	14,189
Miscellaneous	3,844	7,184	-	11,028	3,066	9,899	12,965	23,993
Equipment Maintenance and Rentals	4,503	12,616	-	17,119	3,596	10,107	13,703	30,822
Depreciation	2,944	5,502	-	8,446	2,352	2,516	4,868	13,314
Printing and Postage	1,805	3,374	-	5,179	1,441	1,543	2,984	8,163
Program Expenses	183,068	40,239	-	223,307	-	4,374	4,374	227,681
Travel and Conferences	1,146	2,142	-	3,288	915	979	1,894	5,182
2-1-1 Information Referral Services	15,000	-	-	15,000	-	-	-	15,000
Donations In-Kind	-	182,850	-	182,850	-	20,988	20,988	203,838
Gift of Warmth Utility Assistance	<u>-</u>	<u>-</u>	<u>62,685</u>	<u>62,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,685</u>
Subtotal	<u>402,995</u>	<u>610,291</u>	<u>62,685</u>	<u>1,075,971</u>	<u>333,021</u>	<u>229,644</u>	<u>562,665</u>	<u>1,638,636</u>
Total functional expenses	<u>\$ 402,995</u>	<u>\$610,291</u>	<u>\$ 62,685</u>	<u>\$ 1,075,971</u>	<u>\$333,021</u>	<u>\$229,644</u>	<u>\$562,665</u>	<u>\$ 1,638,636</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

For The Year Ended June 30, 2022

	PROGRAM				SUPPORTING SERVICES			Grand Total
	Community Service	Volunteer Center	Gift of Warmth	Total	Administrative	Fund Raising	Total	
Awards/Distributions	\$ 937,717	\$ -	\$ -	\$ 937,717	\$ -	\$ -	\$ -	\$ 937,717
Less Donor Designations	<u>(606,982)</u>	<u>-</u>	<u>-</u>	<u>(606,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(606,982)</u>
Subtotal	<u>330,735</u>	<u>-</u>	<u>-</u>	<u>330,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,735</u>
Labor and related expenses	197,142	184,214	-	381,356	167,563	211,473	379,036	760,392
Occupancy	24,772	23,147	-	47,919	21,055	26,573	47,628	95,547
Professional Services	3,291	3,075	-	6,366	22,562	3,530	26,092	32,458
Promotion and Marketing	-	-	-	-	-	6,459	6,459	6,459
United Way Dues	6,398	5,978	-	12,376	5,438	6,863	12,301	24,677
IT and Telephone	6,226	5,461	-	11,687	4,967	8,076	13,043	24,730
Insurance	5,253	4,908	-	10,161	4,465	5,635	10,100	20,261
Miscellaneous	4,937	4,614	-	9,551	4,196	11,363	15,559	25,110
Equipment Maintenance and Rentals	6,348	7,068	-	13,416	2,760	7,769	10,529	23,945
Depreciation	3,539	3,307	-	6,846	3,008	3,797	6,805	13,651
Printing and Postage	3,420	3,195	-	6,615	2,906	3,668	6,574	13,189
Program Expenses	-	31,939	-	31,939	-	8,315	8,315	40,254
Travel and Conferences	485	453	-	938	412	520	932	1,870
2-1-1 Information Referral Services	50,000	-	-	50,000	-	-	-	50,000
Donations In-Kind	-	198,674	-	198,674	-	20,988	20,988	219,662
Gift of Warmth Utility Assistance	<u>-</u>	<u>-</u>	<u>136,474</u>	<u>136,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,474</u>
Subtotal	<u>311,811</u>	<u>476,033</u>	<u>136,474</u>	<u>924,318</u>	<u>239,332</u>	<u>325,029</u>	<u>564,361</u>	<u>1,488,679</u>
Total functional expenses	<u>\$ 642,546</u>	<u>\$476,033</u>	<u>\$136,474</u>	<u>\$ 1,255,053</u>	<u>\$239,332</u>	<u>\$325,029</u>	<u>\$564,361</u>	<u>\$ 1,819,414</u>

See notes to financial statements.



# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (50,905)	\$ (161,190)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	13,314	13,651
Realized and unrealized (gains) losses on investments	(22,275)	94,431
Amortization of right-of-use asset	93,457	-
Interest on lease liability	3,783	-
Operating lease liability	(104,427)	-
Change in operating assets and liabilities:		
Pledges receivable	110,385	59,008
Other receivables	43,930	(12,866)
Prepaid expenses	(5,692)	2,311
Accounts payable and payroll related payables	(29,086)	(20,030)
Designations payable	48,030	125,812
Deferred income	8,650	(4,700)
Deferred rent	-	(1,713)
Net cash provided by operating activities	<u>109,164</u>	<u>94,714</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Donated vehicles	-	(37,602)
Purchase of investments	-	-
Sale/maturity of investments	<u>690</u>	<u>636</u>
Net cash provided by (used for) investing activities	<u>690</u>	<u>(36,966)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Forgiveness of refundable advance	<u>-</u>	<u>(137,900)</u>
Net cash used for financing activities	<u>-</u>	<u>(137,900)</u>
Net increase (decrease) in cash and cash equivalents	109,854	(80,152)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>673,636</u>	<u>753,788</u>
End of year	<u>\$ 783,490</u>	<u>\$ 673,636</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Right-of-use asset in exchange for new operating lease liability	<u>\$ 213,357</u>	<u>\$ -</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 And 2022

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***NATURE OF ORGANIZATION***

United Way of Monmouth and Ocean Counties (***“United Way”***), originally incorporated in 1967 as United Way of Monmouth County, is a not-for-profit organization located in Monmouth and Ocean Counties, New Jersey. While maintaining a service relationship with United Way Worldwide, United Way is autonomous, independent and governed by a local Board of Directors. United Way’s mission is “to bridge the gaps to education, financial stability and health for every person in our community”. United Way’s revenues are derived primarily from individual donations, corporate giving and government grants.

On July 1, 2016, United Way of Monmouth County completed its merger with United Way of Ocean County and renamed the organization as United Way of Monmouth and Ocean Counties. Upon execution of the merger, all assets and liabilities of United Way of Ocean County were transferred to United Way of Monmouth and Ocean Counties.

#### ***ACCRUAL BASIS OF ACCOUNTING***

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

#### ***NET ASSETS***

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way are classified and reported as follows:

***Without donor restrictions*** – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of United Way.

- ***Available for operations*** – used to account for the general activity of United Way.
- ***Investment in property and equipment*** – represents the net book value of property and equipment.

***With donor restrictions*** – Net assets subject to donor-imposed restrictions that will be met either by actions of United Way or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

June 30, 2023 And 2022

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### ***REVENUE RECOGNITION***

Revenue is derived primarily from contributions and grants. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the condition on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Grant income from restricted grants is recognized in the period when the United Way has incurred the expenditures in compliance with the specific restrictions. United Way accounts for contract revenues, which are exchanged transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contract is recorded as a liability to the grantor as United Way does not maintain any equity in the grant or contract. Funds received under exchange contracts in advance of their usage are classified as amounts due to government agencies and included in accounts payable and other current liabilities in the statement of financial position.

### ***CONTRIBUTED PROPERTY AND SERVICES***

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

### ***INCOME TAXES***

United Way has adopted the accounting standard relating to accounting for uncertainty in income taxes. The standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on its evaluation, United Way has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. There are no income tax related penalties or interest for the periods presented in these financial statements.

### ***USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

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### ***PROPERTY AND EQUIPMENT***

Property and equipment are stated at cost if purchased or fair market value if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture and fixtures	5
Computer equipment and software	3-5
Equipment	5
Leasehold improvements	3

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized in property and equipment.

### ***INVESTMENTS***

Investments are reported at their fair value in the statements of financial position and consist of certificates of deposits and mutual funds. Realized and unrealized gains and losses are included in the statements of activities.

### ***CASH EQUIVALENTS***

For the purpose of the statements of financial position and the statements of cash flows, United Way considers all cash on hand, cash in banks, and cash in money markets as cash equivalents.

### ***FUNCTIONAL ALLOCATION OF EXPENSES***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. United Way's payroll, taxes and benefit expenses are allocated based on analysis of time and effort, while other costs are charged directly to the program or department in which the expense was incurred.

### ***NEW ACCOUNTING PRONOUNCEMENTS ADOPTED***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Topic 842 requires an organization to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. United Way implemented the provisions of ASU 2016-02 as of July 1, 2022 by applying the modified retrospective transition approach for leases existing as of the beginning of the period of adoption. As such, United Way has not adjusted the statement of financial position for comparative periods; and, this ASU did not result in a cumulative effect adjustment to the opening balance of net assets. United Way has elected to apply the package of practical expedients within ASU 2016-02 such that United Way did not reassess: (1) if expired or existing contracts are, or contain, leases; (2) lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases.

United Way has elected, as a practical expedient, not to separate non-lease components from lease components, and instead account for each separate component as a single lease component for all lease arrangements, as lessee. In addition, United Way has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than 12-months, for all classes of underlying assets. Refer to Note 6 for additional details.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

### (2) PLEDGES RECEIVABLE

Campaign receivables are unconditional promises to give by individuals and corporations, and amounts collected by third parties on behalf of United Way and its participating agencies that have not yet been received. Campaign receivables consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
2011 – 2022 Campaign Receivables	\$ -	\$ 397,518
2021 – 2022 Campaign Receivables	<u>275,736</u>	<u>-</u>
	275,736	397,518
Less: Allowance for uncollectible pledges	<u>(65,044)</u>	<u>(76,441)</u>
Pledges receivables, net	<u>\$ 210,692</u>	<u>\$ 321,077</u>

All pledges receivable are due within one year for 2023 and 2022.

The carrying amount of receivable is reduced by a valuation allowance that reflects management’s best estimate of amounts that will not be collected. The allowance is based on prior years’ experience and management’s analysis of specific promises made. Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, are applied based on management’s discretion.

### (3) INVESTMENTS

At June 30, 2023 and 2022, investments consisted of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Funds/EFT’s	<u>\$ 598,020</u>	<u>\$ 621,853</u>	<u>\$ 598,710</u>	<u>\$ 600,268</u>
Total Investments	<u>\$ 598,020</u>	<u>\$ 621,853</u>	<u>\$ 598,710</u>	<u>\$ 600,268</u>

As of June 30, 2023 and 2022 net unrealized gains consisted of \$23,833 and \$1,558, respectively.

United Way utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

**Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities that United Way has the ability to access.

**Level 2** – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

**Level 3** – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing United Way’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities.

All of United Way’s securities were classified as Level 1 securities as of June 30, 2023 and 2022.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

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### (4) PROPERTY AND EQUIPMENT

The components of property and equipment are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 55,825	\$ 55,825
Furniture	33,051	33,051
Office equipment	6,117	6,117
Vehicles	<u>47,002</u>	<u>47,002</u>
	141,995	141,995
Less: accumulated depreciation	<u>(106,983)</u>	<u>(93,669)</u>
Total property and equipment, net	<u>\$ 35,012</u>	<u>\$ 48,326</u>

Depreciation included as a charge to expense amounted to \$13,314 and \$13,651 for the years ended June 30, 2023 and 2022, respectively.

### (5) NET ASSETS

#### ***WITHOUT DONOR RESTRICTIONS***

Net assets without donor restrictions are available for the following uses as of June 30:

	<u>2023</u>	<u>2022</u>
Available for operations	\$ 572,210	\$ 769,514
Investment in property and equipment	<u>35,012</u>	<u>48,326</u>
	<u>\$ 607,222</u>	<u>\$ 817,840</u>

#### ***WITH DONOR RESTRICTIONS***

Net assets with donor restrictions are available for the following use of June 30:

	<u>2023</u>	<u>2022</u>
United Way – NJ Natural Gas Gift of Warmth Program	\$ 470,252	\$ 310,539
United Way – Financial Success Center	<u>10,000</u>	<u>10,000</u>
	<u>\$ 480,252</u>	<u>\$ 320,539</u>

Significant classes of net assets with donor restrictions include:

#### ***GIFT OF WARMTH***

United Way receives funds and is the trustee for the United Way – NJ Natural Gas Gift of Warmth program (“*Gift of Warmth*”). The program assists customers in paying their heating bills during times of financial hardship. Every dollar donated goes directly to those in need. New Jersey Natural Gas matches 100% of donations made up to \$80,000. The activity for this program is reflected as net assets with donor restrictions. A receivable existed in the amount of \$80,000 at June 30, 2023 and 2022, representing the match for the 2023 and 2022 fiscal years respectively.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

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Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows:

	<u>2023</u>	<u>2022</u>
Gift of Warmth Program	\$ 62,685	\$ 136,474
Financial Success Center	<u>10,000</u>	<u>-</u>
	<u>\$ 72,685</u>	<u>\$ 136,474</u>

### (6) LEASES

United Way leases office space in Wall, New Jersey under a lease agreement with an initial term greater than 12 months. United Way determines whether an agreement is or contains a lease at lease inception. Right-of-use assets represent United Way's right to use an underlying asset for the lease term and lease liabilities represent United Way's obligation to make lease payments arising from the lease, measured at an amount equal to the present value of the minimum lease payments over the remaining expected term of the lease. Amortization expense and interest expense related to United Way's operating leases are included in occupancy and office expense on the statement of functional expenses.

In determination of the lease term, United Way considers the likelihood of lease renewal options and lease termination provisions.

The discount rate for a lease is derived from the rate implicit in the lease whenever readily determinable or United Way's incremental borrowing rate.

The following quantitative data related to United Way's operating leases for the year ended June 30, 2023 is as follows:

#### Operating Lease Amounts:

Right-of-use asset	\$ 119,900
Lease liability	127,039

#### Other Information:

Operating outgoing cash flows for operating leases	\$ 99,807
Weighted-average remaining lease term	1.25 year
Weighted average discount rate	2.21%

Lease cost information for the year ended June 30, 2023 is as follows:

Operating lease cost	<u>\$ 97,241</u>
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Future lease payments at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Rent</u> <u>Commitments</u>
2024	\$ 102,801
2025	<u>25,889</u>
Total minimum future rentals	128,690
Less: present value adjustment	<u>(1,651)</u>
Lease liability	<u>\$ 127,039</u>

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# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

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### (7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

United Way strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and certificates of deposit maturing within one year. As part of the United Way's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects United Way's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 783,490	\$ 673,636
Investments	621,853	600,268
Pledges receivable (due within one year)	210,692	321,077
Other receivables	25,164	69,094
Gift of Warmth receivable	<u>80,000</u>	<u>80,000</u>
Total financial assets	1,721,199	1,744,075
Less:		
Net assets with donor restrictions	<u>(480,252)</u>	<u>(320,539)</u>
Financial assets available to meet general expenditures within one year	<u>\$1,240,947</u>	<u>\$1,423,536</u>

### (8) CONCENTRATIONS OF CREDIT AND OTHER RISKS

Financial instruments which potentially subject United Way to significant concentrations of credit risk consist principally of cash and equivalents, investments and pledges receivable.

United Way maintains cash and equivalents with various financial institutions. These financial institutions are located throughout the region and United Way's policy is designed to limit exposure to any one institution. United Way performs periodic evaluations of the relative credit standing of these financial institutions which are considered in United Way's investment strategy. At times, cash balances may exceed insured limits.

Pledges receivable are evaluated for collectability (*See Note 2*).

In addition, for the year ended June 30, 2023, \$637,047 (53%) of gross campaign contributions without donor restrictions were contributed by five major contributors, while for the year ended June 30, 2022, \$972,866 (67%) of unrestricted gross campaign contributions were contributed by five major contributors through company campaigns. A cancellation of any company campaign would have a detrimental effect on United Way's campaign revenue.



# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

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### (9) RETIREMENT SAVINGS PLAN

United Way offers a 401(k) defined contribution retirement savings plan (the “Plan”) through Extensis Group. The Plan enables eligible employees to receive an automatic contribution of 3% of annual compensation and a maximum 2% matching contribution of their elective deferral up to 4% of their annual compensation. Additionally, the Board of Directors has the discretion to grant an extra 1% at the end of the fiscal year. Pension expense for the years ended June 30, 2023 and 2022 was \$30,341 and \$34,932, respectively.

### (10) GRANTS AND CONTRACTS

United Way entered into a contract with NJ 2-1-1 Partnership, a subsidiary of United Ways of New Jersey to work collaboratively to provide 24 hours, 7 days a week inbound telephone support (live answering and maintenance of local, regional and state service) for residents of Monmouth and Ocean Counties. The cost to United Way was \$15,000 and \$50,000 for the years ended June 30, 2023 and 2022, respectively.

### (11) DONATIONS IN-KIND

The following is a summary of donations in-kind which is included as revenue and expense in the statement of activity:

	<u>2023</u>	<u>2022</u>
Warmest Wishes (winter clothing)	\$ 169,510	\$ 149,050
Basic Needs	2,495	8,424
Advertising, books and other	3,519	19,965
Special events	-	20,988
Rental Space	28,314	21,235
Vehicles	<u>-</u>	<u>37,602</u>
Total donations in-kind	<u>\$ 203,838</u>	<u>\$ 257,264</u>

Donations in-kind distributed to agencies totaled \$172,005 and \$173,144, and those used by United Way totaled \$31,833 and \$84,120 for the years ended June 30, 2023 and 2022, respectively.

### (12) COST DEDUCTION STANDARD – UNITED WAY WORLDWIDE

United Way adheres to the following cost deduction standards set by United Way Worldwide on designations (agency transactions):

Fees deducted from donor designated contributions to cover processing costs are based on a percentage of the contribution, which is within United Way Worldwide guidelines. This percentage is lower than the actual cost of processing.

Processing fees are not deducted from designated gifts originating by or from other United Ways.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

June 30, 2023 And 2022

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### **(13) PAYROLL PROTECTION PROGRAM**

On May 6, 2021, United Way received a \$137,900 loan under the Small Business Administration's ("**SBA**") Paycheck Protection Program Second Draw Loan ("**PPP Second Draw Loan**") under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans are eligible for forgiveness if United Way incurred qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commenced upon receipt of the loan. Any portion of the loan not forgiven was payable over a 5-year period at an interest rate of 1%. United Way considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Second Draw Loan agreement and as such, recognized contribution income when these conditions were substantially met. During the year ended June 30, 2022, United Way had met all conditions of the program and the loan was forgiven on October 22, 2021. As such, the loan was recognized in the Statement of Activities and Changes in Net Assets with government grant revenue in fiscal year 2022.

### **(14) SUBSEQUENT EVENTS**

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, March 7, 2024, have been evaluated in the preparation of the financial statements.

## **SUPPLEMENTAL INFORMATION**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF GRANTS TO AGENCIES

For The Years Ended June 30, 2023 And 2022

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<b>AGENCY GRANTS:</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Affordable Housing Alliance	\$ -	\$ 13,400
Basic Needs Pantry	-	10,735
Mental Health Association of Monmouth County	-	33,600
Toms River Regional Schools	-	100,000
VNA Health Group	<u>-</u>	<u>173,000</u>
Total grants to agencies	<u>\$ -</u>	<u>\$ 330,735</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## *ADDITIONAL RESOURCES GENERATED (UNAUDITED)*

### **For The Years Ended June 30, 2023 And 2022**

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For the years ended June 30, 2023 and 2022, United Way generated additional resources for the community that is not included in the accompanying financial statements. These resources include funds and in-kind donations distributed directly to participating agencies and through Monmouth and Ocean County pharmacies that meet the criteria to be classified as agency transactions. A summary of these resources is as follows:

The Emergency Food and Shelter Program (“**EFSP**”) provides funds to Monmouth and Ocean Counties, New Jersey, not-for-profit agencies resulting from United Way of Monmouth and Ocean County’s management of that program. EFSP was created by Congress with a \$50 million appropriation in 1983 to help meet the needs of hungry and homeless people throughout the United States and its territories by allocating federal funds for the provision of food and shelter. The program is governed by a national Board; United Way Worldwide is the Secretariat and Fiscal Agent to the Board. Locally, the program is a model for public-private cooperation. Further, the EFSP was appropriated supplemental funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in fiscal year 2020 in the amount of \$200 million to respond to community needs resulting from the COVID-19 pandemic. In 2021, Congress appropriated additional supplemental funding of \$400 million under the American Rescue Plan Act (“**ARPA**”), which is reflected in fiscal 2022 funding. For the years ended June 30, 2023 and 2022, funds awarded to agencies totaled \$511,054 and \$2,304,953, respectively.

In fiscal 2023 and 2022, United Way participated in the SingleCare (formerly FamilyWize) Prescription Drug Saving Program. The program is a free resource from the SingleCare Community Service Partnership. As part of the program, United Way distributed prescription discount cards to local pharmacies, agencies and individuals. Since United Way acted in an agent capacity and did not retain variance power over the distribution of these cards, the cards have not been recorded as in-kind donations. SingleCare has reported as of June 30, 2023 and 2022 the total value redeemed by Monmouth and Ocean County residents amounted to \$1,422,492 and \$1,395,090, respectively.