

United Way of Bergen County

Financial Statements

March 31, 2024 and 2023

Independent Auditors' Report

Board of Directors of United Way of Bergen County

Opinion

We have audited the accompanying financial statements of United Way of Bergen County, which comprise the statements of financial position as of March 31, 2024 and 2023, 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, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Bergen County as of March 31, 2024 and 2023, 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.

We did not audit the financial statements of BCUW/Madeline Housing Partners LLC and Subsidiary ("BCUW/Madline"), a joint venture, the investment in which, as discussed in Note 18 to the financial statements, is accounted for by the equity method of accounting. The investment in BCUW/Madeline was \$21,832,856 and \$21,159,251 as of March 31, 2024 and 2023, respectively, and the equity in its net income was \$673,607 and \$1,780,950, respectively, for the years then ended. The financial statements of BCUW/Madeline were audited as of December 31, 2023 and 2022 by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for the nine months ended December 31, 2023 and 2022 are included for BCUW/Madeline and is based solely on the report of the other auditors.

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 Auditors' 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 United Way of Bergen County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedule of Change in Net Assets on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
October 28, 2024

United Way of Bergen County

Statements of Financial Position

	March 31,	
	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 1,073,342	\$ 1,084,661
Investments	1,635,186	1,569,889
Contributions receivable, net of allowance for uncollectable pledges of \$78,824 and \$129,469	490,302	628,387
Notes receivable and advances	253,617	370,392
Other receivables	624,777	557,878
Long-term receivable from BCUW/Madeline Housing Partners LLC, less \$550,000 in allowance for credit losses in 2024 and \$482,134 in allowance for doubtful accounts in 2023	5,197,666	4,955,876
Investment in BCUW/Madeline Housing Partners LLC	21,832,856	21,159,251
Prepaid expenses and other assets	36,370	45,408
Beneficial interest in charitable trusts	-	52,145
Right of use asset, net - operating leases	261,826	331,604
Property and equipment, net of accumulated depreciation of \$343,337 and \$324,952	<u>59,676</u>	<u>33,901</u>
	<u>\$ 31,465,618</u>	<u>\$ 30,789,392</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 263,180	\$ 306,148
Designations payable, net of allowance of \$356,273 and \$333,841	7,613,117	7,495,486
Lease liabilities - operating leases	270,691	343,002
Other liabilities	<u>7,511</u>	<u>7,511</u>
Total Liabilities	<u>8,154,499</u>	<u>8,152,147</u>
Net Assets		
Without donor restrictions	23,311,119	22,379,299
With donor restrictions	<u>-</u>	<u>257,946</u>
Total Net Assets	<u>23,311,119</u>	<u>22,637,245</u>
	<u>\$ 31,465,618</u>	<u>\$ 30,789,392</u>

See notes to financial statements

United Way of Bergen County

Statements of Activities

	Year Ended March 31, 2024			Year Ended March 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUES						
Campaign funds raised	\$ 1,586,126	\$ 12,148,782	\$ 13,734,908	\$ 1,078,375	\$ 12,243,198	\$ 13,321,573
Amounts raised on behalf of others	(764,573)	(12,137,359)	(12,901,932)	(840,864)	(11,973,182)	(12,814,046)
Provision for uncollectible contributions	<u>(52,213)</u>	<u>(11,423)</u>	<u>(63,636)</u>	<u>(46,397)</u>	<u>(12,070)</u>	<u>(58,467)</u>
Net Current Year Contributions	769,340	-	769,340	191,114	257,946	449,060
Net assets released from restriction						
Prior year campaign contributions	270,016	(270,016)	-	821,693	(821,693)	-
Provision for uncollectible contributions	<u>(12,070)</u>	<u>12,070</u>	<u>-</u>	<u>30,791</u>	<u>(30,791)</u>	<u>-</u>
Net Campaign Revenue	1,027,286	(257,946)	769,340	1,043,598	(594,538)	449,060
Grant revenue	100,000	-	100,000	410,000	-	410,000
Interest income	88,249	-	88,249	44,488	-	44,488
Equity in earnings of joint venture	673,607	-	673,607	1,780,950	-	1,780,950
Special events, net of expenses	324,958	-	324,958	309,971	-	309,971
Other	386,868	-	386,868	700,241	-	700,241
Provision for uncollectible notes receivable and advances	<u>(69,341)</u>	<u>-</u>	<u>(69,341)</u>	<u>(46,050)</u>	<u>-</u>	<u>(46,050)</u>
Total Public Support and Other Revenues	<u>2,531,627</u>	<u>(257,946)</u>	<u>2,273,681</u>	<u>4,243,198</u>	<u>(594,538)</u>	<u>3,648,660</u>
ALLOCATIONS AND EXPENSES						
Community Funding						
Agency allocations	102,324	-	102,324	101,639	-	101,639
Community services	<u>67,886</u>	<u>-</u>	<u>67,886</u>	<u>784,549</u>	<u>-</u>	<u>784,549</u>
	170,210	-	170,210	886,188	-	886,188
Program related expense	<u>653,323</u>	<u>-</u>	<u>653,323</u>	<u>865,861</u>	<u>-</u>	<u>865,861</u>
Total Community Funding	<u>823,533</u>	<u>-</u>	<u>823,533</u>	<u>1,752,049</u>	<u>-</u>	<u>1,752,049</u>
Supporting Services						
Fundraising	221,490	-	221,490	195,702	-	195,702
Administration	<u>554,784</u>	<u>-</u>	<u>554,784</u>	<u>605,097</u>	<u>-</u>	<u>605,097</u>
Total Supporting Services	<u>776,274</u>	<u>-</u>	<u>776,274</u>	<u>800,799</u>	<u>-</u>	<u>800,799</u>
Total Allocations and Expenses	<u>1,599,807</u>	<u>-</u>	<u>1,599,807</u>	<u>2,552,848</u>	<u>-</u>	<u>2,552,848</u>
Change in Net Assets	931,820	(257,946)	673,874	1,690,350	(594,538)	1,095,812
NET ASSETS						
Beginning of year	<u>22,379,299</u>	<u>257,946</u>	<u>22,637,245</u>	<u>20,688,949</u>	<u>852,484</u>	<u>21,541,433</u>
End of year	<u>\$ 23,311,119</u>	<u>\$ -</u>	<u>\$ 23,311,119</u>	<u>\$ 22,379,299</u>	<u>\$ 257,946</u>	<u>\$ 22,637,245</u>

See notes to financial statements

United Way of Bergen County

Statements of Functional Expenses

	Year Ended March 31, 2024				Year Ended March 31, 2023			
	Community Funding	Fundraising	Administration	Total	Community Funding	Fundraising	Administration	Total
Resource allocation	\$ 170,210	\$ -	\$ -	\$ 170,210	\$ 886,188	\$ -	\$ -	\$ 886,188
Salaries and wages	424,567	117,604	314,494	856,665	513,436	105,411	357,992	976,839
Employee benefits	70,079	19,412	51,910	141,401	77,415	15,894	53,975	147,284
Payroll taxes	31,422	8,704	23,276	63,402	39,633	8,137	27,634	75,404
Campaign materials	-	2,607	-	2,607	-	4,473	-	4,473
Occupancy	50,119	13,883	37,125	101,127	58,585	12,028	40,848	111,461
Professional fees	16,244	32,726	82,703	131,673	83,230	18,327	59,452	161,009
Special events	-	124,044	-	124,044	-	108,212	-	108,212
Equipment rental and maintenance	14,865	4,118	11,011	29,994	7,719	1,585	5,382	14,686
Depreciation and amortization	9,111	2,524	6,749	18,384	7,345	1,508	5,118	13,971
Supplies	3,677	1,019	2,725	7,421	4,616	948	3,218	8,782
Postage and mailing	3,095	857	2,292	6,244	4,512	926	3,146	8,584
Conferences and meetings	8,789	2,918	6,513	18,220	8,476	1,770	5,910	16,156
Telephone	3,194	885	2,364	6,443	9,730	1,997	6,783	18,510
Direct mail	-	9,204	-	9,204	-	12,233	-	12,233
Dues	8,174	2,264	6,056	16,494	16,246	3,335	11,329	30,910
Other	9,987	2,765	7,566	20,318	34,918	7,130	24,310	66,358
Total expenses	<u>823,533</u>	<u>345,534</u>	<u>554,784</u>	<u>1,723,851</u>	<u>1,752,049</u>	<u>303,914</u>	<u>605,097</u>	<u>2,661,060</u>
Less: expenses deducted from revenues on the statements of activities	<u>-</u>	<u>124,044</u>	<u>-</u>	<u>124,044</u>	<u>-</u>	<u>108,212</u>	<u>-</u>	<u>108,212</u>
	<u>\$ 823,533</u>	<u>\$ 221,490</u>	<u>\$ 554,784</u>	<u>\$ 1,599,807</u>	<u>\$ 1,752,049</u>	<u>\$ 195,702</u>	<u>\$ 605,097</u>	<u>\$ 2,552,848</u>

See notes to financial statements

United Way of Bergen County

Statements of Cash Flows

	Year Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 673,874	\$ 1,095,812
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	18,384	13,971
Provision for credit losses and uncollectable pledges	132,977	104,517
Equity in earnings of joint venture	(673,607)	(1,780,950)
Revaluation of beneficial interest from charitable trusts	52,145	-
Amortization of operating leases - right of use asset	69,781	80,651
Change in operating assets and liabilities		
Contributions receivable	74,449	303,615
Other receivables	(66,899)	204,438
Prepaid expenses and other assets	9,038	(11,483)
Accounts payable and accrued expenses	(42,968)	(151,778)
Designations payable	117,631	(269,263)
Lease liabilities - operating leases	(72,311)	(69,250)
Net Cash from Operating Activities	292,494	(479,720)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of line of credit	-	(500,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes receivable and advances - borrowings	(40,545)	(75,131)
Notes receivable and advances - repayments	157,320	1,506,759
Advances BC UW/Madeline Housing Partners LLC - borrowings	(1,199,786)	(1,559,044)
Advances BC UW/Madeline Housing Partners LLC - repayments	888,655	702,389
Purchases of property and equipment	(44,160)	(24,407)
Purchases of investments	(65,297)	-
Proceeds from sale of investments	-	468,172
Net Cash from Investing Activities	(303,813)	1,018,738
Net Change in Cash	(11,319)	39,018
CASH		
Beginning of year	1,084,661	1,045,643
End of year	\$ 1,073,342	\$ 1,084,661

See notes to financial statements

United Way of Bergen County

Notes to Financial Statements
March 31, 2024 and 2023

1. Nature of Operations

The United Way of Bergen County (the “Organization”) is an independent, local New Jersey Tax-Exempt Corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is a nonprofit community service agency that provides assistance to individuals in crisis through its support of 2-1-1 helpline and organizes preventative and long-term solutions to community wide issues such as affordable housing. The Organization raises funds for its programs and services through pledges from individuals in the community, employee workplace contributions, corporate gifts, and via private and government grants.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Without donor restrictions* – net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.
- *With donor restrictions* – net assets subject to donor-imposed stipulations that would be met by actions of the Organization and/or the passage of time.

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support and revenue and expenses during the reporting period. Actual results may differ significantly from those estimates.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through the change in net assets. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on April 1, 2023 expanded the Organization’s required disclosures for its expected credit losses for accounts and notes receivable but did not have a material effect on its financial statements.

United Way of Bergen County

Notes to Financial Statements
March 31, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Campaign Contributions and Allocations

Annual campaigns commence in the fall of each year to raise support for charitable distributions to be made after the end of each fiscal year. An unconditional promise to give is recognized as revenue at the time of the pledge, net of an allowance for uncollectible amounts.

Donors can choose to designate that their contribution be distributed to a specific organization. These contributions are referred to as designations. The Organization also manages campaigns for corporations with locations outside Bergen County. Undesignated pledges from employees of these corporations who do not reside and/or work in Bergen County will in certain instances be distributed to other regional United Ways. The collection of these contributions and distribution to donor specified agencies or to other regional United Ways are agency transactions in which the Organization is acting as an intermediary. These transactions are included in the total campaign amounts raised on the statements of activities and then deducted as amounts raised on behalf of others before arriving at net current year contributions.

The Organization administers the Charitable Flex Fund ("Flex Fund"), which allows donors to make a tax deductible contribution to the Organization that may be designated to another 501(c)(3) organization at a later date. If donors do not make contributions or distributions from their account for a period of three years or more the donor account becomes dormant. If the Organization is unsuccessful in contacting the donor regarding the unused funds, the funds may be released to the Organization without restriction. Contributions to the Flex Fund are non-refundable. Contributions to the Flex Fund are included in a contra-account, to amounts raised on behalf of others on the statement of activities, and are recognized as contributions without restriction if the donor designates the funds for the Organization, or allows their account to become dormant. Undesignated balances in the Flex Fund are included in designations payable on the statement of financial position.

Campaign contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as net assets with donor restrictions. When donor-imposed time restrictions expire, or donor-imposed purpose restrictions are fulfilled, the net assets with donor restrictions are reclassified to net assets without donor restrictions. This reclassification is reported as net assets released from restrictions. Non-campaign contributions with donor-imposed restrictions for which the Organization has met the restrictions during the same period, are recorded as net assets without donor restrictions.

United Way of Bergen County

Notes to Financial Statements
March 31, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuation and Investment Income Recognition

Investments are valued at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

Receivables, Advances, and Allowance for Credit Losses

Prior to April 1, 2023, notes receivable and advances, other receivables, and long-term receivables were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of accounts receivable and corresponding allowance for doubtful accounts were presented on the statements of financial position. Receivable balances were assessed at every reporting date for collectability and an allowance was recorded if the receivable was considered uncollectable. Subsequent to April 1, 2023, accounts receivable are recorded at amortized cost, less an allowance for credit losses that are not expected to be recovered. The amount of accounts receivable and corresponding allowance for credit losses are presented on the statements of financial position. The Organization maintains allowances for credit losses resulting from the expected failure or inability of its customers to make the required payments. The Organization recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with uncollectible accounts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable.

United Way of Bergen County

Notes to Financial Statements
March 31, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Receivables, Advances, and Allowance for Credit Losses (continued)

Notes receivables and advances are individually monitored to determine net realizable value based on an evaluation of recovery. From inception, the Organization assesses the risk of their financing receivables internally as either performing or monitoring. Performing receivables are investments that meet repayment benchmarks on a timely basis. Monitoring receivables are investments that are either behind in their repayment schedules or the overall health of the investee organization is lessened based upon an assessment of the investee. The Organization considers a note receivable or advance past due if an interest or principal payment is more than 10 days overdue. Notes for which interest has not been paid for six months after due date are put into non-accrual status and interest is no longer accrued. Notes receivables and advances that were past due at March 31, 2024 and 2023 were \$0.

For assets classified as other receivables, the Organization reviews each creditor individually to determine collectability from the moment of the transaction. This process includes evaluating overall creditworthiness of the borrower, prior payment history, amount of the total borrowed balance, as well as any future macroeconomic considerations. Each of the open balances are then reviewed periodically to ensure that no significant changes to the underlying assumptions or new unforeseen issues.

For long-term receivables, the Organization's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics. The Organization records a provision for expected credit losses by assessing the collectability of each pool receivables from the same entity or the same project using historical loss rates. At each reporting period, the Organization assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, the Organization may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The total amount of write offs was immaterial to the financial statements as a whole for the years ended March 31, 2024 and 2023.

Property and Equipment

Property and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 5 years. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewal.

United Way of Bergen County

Notes to Financial Statements
March 31, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in the right of use ("ROU") assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent where applicable. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Special Events

Revenues and expenses incurred relative to special events are recognized upon occurrence of the respective event, which is when the Organization has completed its performance obligation. Revenues are shown net of costs of direct benefits to donors.

In-Kind Contributions

The Organization organizes specific charitable campaigns where contributors are requested to donate non-money items such as food, clothing or toys for the benefit of those in need. In addition, the Organization receives donations of products and services from corporate donors to assist with their mission. These contributions are recorded at their estimated fair value at their date of donation. The Organization received no in-kind contributions for the years ended March 31, 2024 and 2023.

Contributions of services, if any, are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs such as salaries and related expenses have been allocated among the services benefited. Management determines the allocation of expenses primarily on employee time incurred in each respective functional expense category. Other significant natural expense categories such as occupancy and professional fees which are allocated across multiple functional expense categories are attributed to which the category each individual expense pertains.

United Way of Bergen County

Notes to Financial Statements
March 31, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that require financial statement recognition and/or disclosure. The Organization is no longer subject to examination by the applicable taxing jurisdictions for periods prior to 2021.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 28, 2024.

3. Liquidity and Availability

The Organization monitors the availability of resources to meet its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures related to its ongoing mission related activities, as well as services undertaken to support these activities, to be general expenditures. The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due.

Financial assets available for general expenditures within one year of March 31 are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,073,342	\$ 1,084,661
Investments	1,635,186	1,569,889
Contributions receivable	490,302	628,387
Notes receivable and advances	66,428	65,954
Other receivables	<u>356,551</u>	<u>229,652</u>
	3,621,809	3,578,543
Donor designated	<u>-</u>	<u>(257,946)</u>
	<u>\$ 3,621,809</u>	<u>\$ 3,320,597</u>

As described in Note 2, the Organization had \$7,613,117 and \$7,495,486 in designations payable as of March 31, 2024 and 2023. Management is unable to determine the portion of the payable that will be disbursed or designated for use by the Organization in one year or less.

United Way of Bergen County

Notes to Financial Statements
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4. Fair Value Measurements

The following are the major categories of financial instruments measured at fair value based on inputs at March 31:

	2024		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Money market mutual fund	\$ 1,297,230	\$ -	\$1,297,230
Cash and equivalents			24,880
Certificates of deposit			<u>313,076</u>
Total Investments			<u>\$ 1,635,186</u>
	2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Money market mutual fund	\$ 1,232,071	\$ -	\$1,232,071
Beneficial interests in charitable trusts	-	52,145	52,145
Total financial instruments at fair value	<u>\$ 1,232,071</u>	<u>\$ 52,145</u>	<u>1,284,216</u>
Cash and equivalents			24,876
Certificates of deposit			<u>312,942</u>
Total Investments and Beneficial Interest			<u>\$ 1,622,034</u>

United Way of Bergen County

Notes to Financial Statements
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4. Fair Value Measurements *(continued)*

The following is a reconciliation of the beginning and ending balances for Level 3 investments during the years ended March 31:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 52,145	\$ 52,145
Revaluation of beneficial interest in charitable trusts	<u>(52,145)</u>	<u>-</u>
Ending Balance	<u>\$ -</u>	<u>\$ 52,145</u>

5. Notes Receivable and Advances

The Organization provides financing to various community service agencies primarily to assist them in facilitating the acquisition of property and the construction of affordable housing. Notes bear interest at 3 to 5%, are secured by property and mature at various times. Notes receivable and advances are reported at cost. There was no balance for allowance for credit losses at March 31, 2024 and no balance for doubtful accounts at March 31, 2023.

Current maturities of these notes and advances are as follows at March 31, 2024:

2025	\$ 66,428
2026	103,022
2027	17,384
2028	17,933
2029	18,498
Thereafter	<u>30,352</u>
	<u>\$ 253,617</u>

6. Other receivables

The Organization has receivables that result from reimbursable expenses made on behalf of other entities for goods and services and from compensation for services performed. These receivables are short-term in nature and management expects them to be collected in full. As such, there was no balance for allowance for credit losses at March 31, 2024 and no balance for doubtful accounts at March 31, 2023.

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7. Long-Term Receivables from BCUW/Madeline Housing Partners LLC

The Organization has accounts receivable that result from reimbursable expenses made on behalf of BCUW/Madeline Housing Partners LLC, a joint venture further discussed in Note 18, for the purchase of goods and services. These long-term receivables includes allowances for credit losses. The Organization believes its credit risk with respect to trade accounts receivable is limited due to its relationship with management and its interest in the entity. The Organization utilizes a historical loss rate method pooled by individual housing project, adjusted for any changes in economic conditions or risk characteristics, to estimate its expected credit losses each period. When developing an estimate of expected credit losses, the Organization considers all available relevant information regarding the collectability of cash flows, including historical information, current conditions, and reasonable and supportable forecasts of future economic conditions. The historical loss-rate method considers past write-offs of these long-term accounts receivable for similar projects. The Organization recognizes the allowance for credit losses at inception of the financial instrument and reassesses quarterly based on management's expectation of the asset's collectability. The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election.

Long term receivables from BCUW/Madeline Housing Partners, LLC is comprised of the following:

	2024	2023
Long-term receivable from BCUW/Madeline Housing Partners LLC	\$ 5,747,666	\$ 5,438,010
Allowance for credit losses	550,000	-
Allowance for doubtful accounts	-	482,134
Balance at end of year	\$ 5,197,666	\$ 4,955,876

The following table provides a roll-forward of the allowance for credit losses that is deducted from long-term accounts receivables to present the net amount expected to be collected.

	2024	2023
Balance at beginning of year	\$ 482,134	\$ 436,084
Provision for expected credit losses	69,341	-
Provision for doubtful accounts	-	46,050
Amounts written off	(1,475)	-
Balance at end of year	\$ 550,000	\$ 482,134

United Way of Bergen County

Notes to Financial Statements
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8. Contributions Receivable

Contributions receivable at March 31, 2024 and 2023 consist of contributions to the Organization, and contributions that have been designated by donors for other charitable agencies or organizations. Designated contributions receivable of \$189,863 at March 31, 2024 and \$366,542 at March 31, 2023 will be paid to the donor-designated agencies when the contributions are collected by the Organization. All contributions receivable outstanding are expected to be received within one year.

9. Beneficial Interest in Charitable Trusts

In August 1997, three irrevocable charitable lead trusts were established for the benefit of the Organization. Under the terms of the trust agreements, the Organization will receive an annuity equal to a percentage of the initial fair value of the trusts as of the valuation date. Annuity payments will be made for a term of 25 years for two of the trusts and 30 years for the remaining trust. The fair value of these charitable trusts are valued using Level 3 inputs. The Organization re-valued their interest in the trusts during the year ended March 31, 2024 and determined that no further payment is likely to be received.

10. NJ 2-1-1 Partnership

The Organization has been contracted by the NJ 2-1-1 Partnership, a subsidiary of the United Ways of New Jersey, to provide cash advances related to grants received from New Jersey's Department of Human Services to maintain operations for the NJ 2-1-1 Partnership database and establish and maintain 2-1-1 information and referral services on a statewide basis. Activities for the years ended March 31 were as follows:

	<u>2024</u>	<u>2023</u>
Beginning of year	\$ 328,226	\$ 383,722
Cash received	(11,732)	(5,263)
Accrued interest	15,245	6,937
Adjustments	<u>(63,513)</u>	<u>(57,170)</u>
End of year	<u>\$ 268,226</u>	<u>\$ 328,226</u>

These amounts are included in other receivables at March 31, 2024 and 2023.

United Way of Bergen County

Notes to Financial Statements
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11. Property and Equipment

Property and equipment consist of the following as of March 31:

	2024	2023	Depreciable Life
Equipment	\$ 315,265	\$ 271,105	3-5 years
Leasehold improvements	25,201	25,201	5 years
Software	18,387	62,547	3 years
Assets not yet placed in service	44,160	-	N/A
	403,013	358,853	
Accumulated depreciation and amortization	(343,337)	(324,952)	
	\$ 59,676	\$ 33,901	

Depreciation expense for the years ended March 31, 2024 and 2023 is \$9,728 and \$10,209.

12. Leases

The Organization leases office space and certain office equipment under operating leases that expire at various dates through 2028.

The components of lease cost were as follows for the year ended March 31:

	2024	2023
Operating Lease Cost	\$ 69,781	\$ 80,651
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 72,311	\$ 69,250

Information associated with the measurement of the Organization's operating lease obligations as of March 31 are as follows:

	2024	2023
Weighted average lease term in years for operating leases	3.50	4.50
Weighted average discount rate for operating leases	2.96%	2.96%

Supplemental cash flow information related to leases was as follows for the year ended March 31, 2024:

	2024	2023
Right of use assets recognized upon adoption of new lease guidance	\$ -	\$ 399,337

United Way of Bergen County

Notes to Financial Statements
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12. Leases (continued)

As of March 31, 2024, maturities for lease liabilities were as follows:

<u>Fiscal year ending March 31,</u>	<u>Operating Leases</u>
2025	\$ 81,320
2026	81,320
2027	81,320
2028	<u>40,660</u>
Total future minimum lease payments	284,620
Less present value discount	<u>(13,929)</u>
Total lease liability	<u><u>\$270,691</u></u>

13. Retirement Plan

Eligible employees, who have at least one year of service and a minimum of 1,000 hours worked, participate in a defined contribution retirement plan (the "Plan") maintained by Mutual of America. The Organization's contribution to the Plan is 8% of eligible employees' compensation. Plan expense amounted to \$48,476 and \$51,406 for the years ended March 31, 2024 and 2023. A tax deferred annuity plan (403b) is also available, to which employees can choose to contribute. The Organization does not contribute to this plan.

14. Federal Emergency Management Agency ("FEMA")

The Organization administers an award program under the Emergency Food and Shelter Program. The Organization is responsible for promoting the availability of these funds, reviewing applications and recommending recipient organizations to be funded. Disbursement of funds is made by FEMA directly to the recipient organization. FEMA awards during the year ended March 31, 2023 totaled approximately \$1,579,924. These awards are not included in the statements of activities. The Organization did not receive awards from FEMA during the year ended March 31, 2024.

15. Bank Line of Credit

The Organization maintains a \$500,000 revolving line of credit agreement with a bank. The line of credit is uncollateralized and expires on December 31, 2039. The interest rate on borrowings is variable and payable at the bank's prime lending rate. The balance outstanding on the line of credit at March 31, 2024 and 2023 was \$0.

United Way of Bergen County

Notes to Financial Statements
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16. Net Assets with Donor Restriction and Net Assets Released from Restrictions

Net assets with donor restrictions were available for the following purpose at March 31:

	<u>2024</u>	<u>2023</u>
Program services	<u>\$ -</u>	<u>\$ 257,946</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Program services	<u>\$ 257,946</u>	<u>\$ 852,484</u>

17. Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash on deposit with financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times cash balances may exceed the FDIC limit. As of March 31, 2024 and 2023, the Organization's uninsured cash balances on deposit totaled approximately \$2,147,000 and \$1,917,000.

Total contributions received from one donor aggregated to 79% during 2024 and 82% during 2023. In addition, contributions receivable from two donors aggregated to 64% and 56% of the total contributions receivable at March 31, 2024 and 2023.

18. Joint Venture

The Organization entered into an agreement to establish a joint venture with The Madeline Corporation, another not-for-profit organization, and formed BCUW/Madeline Housing Partners LLC ("BCUW/Madeline"), a limited liability company. Each organization has a 50% interest in BCUW/Madeline. BCUW/Madeline also has an 85% interest in the entity BCUW/Madeline CHM I LLC, a limited liability company. The purpose of BCUW/Madeline is to acquire, improve, lease and manage real property while providing safe, affordable housing for families, seniors, and special needs persons throughout New Jersey. The Organization advances funds for various housing projects which are reimbursed by BCUW/Madeline at a later date. The balance due from BCUW/Madeline and related allowance for credit losses was previously referenced in Note 7.

United Way of Bergen County

Notes to Financial Statements
March 31, 2024 and 2023

18. Joint Venture (*continued*)

Summarized financial information related to BCUW/Madeline as of and for the years ended March 31 is as follows:

	2024	2023
Total Assets	\$72,366,713	\$ 70,228,807
Total Liabilities	28,285,390	27,910,305
Total Revenue	6,225,921	7,286,342
Total Expenses	4,878,707	3,724,442

19. Related Party Transactions

Social services fee

The Organization may charge a fee for social services provided for certain supportive affordable housing projects held by BCUW/Madeline. Social services fees amounted to \$33,240 for the years ended March 31, 2024 and 2023.

Reimbursed costs

The Organization may be reimbursed by BCUW/Madeline for costs related to certain supportive affordable housing projects, including staffing for housing services coordinators. These reimbursements amounted to \$131,576 and \$143,504 for the years ended March 31, 2024 and 2023. Receivables owed to the Organization from BCUW/Madeline at March 31, 2024 and 2023 was \$284,079 and \$ 173,030.

Developer fees

The Organization may collect its share of a fee from the joint venture for the origination and completion of certain supportive housing projects, which includes oversight of the development and construction. The Organization received developer fees related to the supporting housing projects of \$39,018 and \$380,291 for the years ended March 31, 2024 and 2023.

20. Commitments and Contingencies

The Organization, as an affiliate of the general partner of a low-income housing tax credit development project, has co-guaranteed that it will provide funds necessary to cover accrued accounts payable for which there are not adequate reserves should operating deficits exist at any time during the first five calendar years in which breakeven operations are to occur. Payment of these funds will constitute an unsecured loan for which the Organization, as co-guarantor, will not be obligated to provide an amount in excess of \$204,500. Repayment of the loans by the general partner would be from future operating cash flows. As of March 31, 2024, the Organization does not expect to advance funds to the general partner for the project.

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Supplementary Information

Public support and other revenues, investment in charitable programs and supporting services expenses have been arranged to facilitate the presentation of key operating ratios for United Way of Bergen County.

March 31, 2024 and 2023

United Way of Bergen County

Supplementary Schedules of Change in Net Assets

	Year Ended March 31, 2024		Year Ended March 31, 2023	
	Amount	%	Amount	%
PUBLIC SUPPORT AND OTHER REVENUES				
Campaign funds raised	\$ 13,734,908		\$ 13,321,573	
Grants	100,000		1,989,924	
Interest income	88,249		44,488	
Special events, net of expenses	324,958		309,971	
Other	386,868		700,241	
Provision for uncollectible pledges and credit losses	(132,977)		(104,517)	
Total Public Support and Other Revenues	14,502,006	100.0%	16,261,680	100.0%
INVESTMENT IN CHARITABLE PROGRAMS				
Amounts distributed on behalf of others	12,901,932		12,814,046	
Allocations to community programs	170,210		886,188	
Allocations of government grants	-		1,579,924	
Program related expense	653,323		865,861	
Total Investment in Charitable Programs	13,725,465	94.7%	16,146,019	99.3%
SUPPORTING SERVICES EXPENSES				
Fundraising	221,490		195,702	
Administration	554,784		605,097	
Total Supporting Services Expenses	776,274	5.4%	800,799	4.9%
Total Charitable Investments and Supporting Services	14,501,739	99.9%	16,946,818	104.2%
Change in Net Assets Before Investment in BCUW/Madeline Housing Partners LLC	267	0.1%	(685,138)	-4.2%
RECONCILIATION OF NET ASSETS				
Investment in BCUW/Madeline Housing Partners LLC	673,607		1,780,950	
Change in Net Assets	\$ 673,874		\$ 1,095,812	

See independent auditors' report