

BERKSHIRE UNITED WAY, INC.

FINANCIAL STATEMENTS

***JUNE 30, 2024 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2023***

BERKSHIRE UNITED WAY, INC.
FINANCIAL STATEMENTS

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 19



MeyersBrothersKalicka , P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS STRATEGISTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Berkshire United Way, Inc.

Opinion

We have audited the accompanying financial statements of Berkshire United Way, Inc. (a nonprofit "Organization"), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year 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 Berkshire United Way, Inc. as of June 30, 2024, 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. 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 Berkshire United Way, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Berkshire United Way, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Berkshire United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Berkshire United Way, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Myers Brothers Holiana, P.C.

Holyoke, Massachusetts
October 25, 2024

BERKSHIRE UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Assets		
Cash and equivalents	\$ 408,762	\$ 711,676
Term deposits	207,271	102,151
Contributions receivable, net	598,512	684,961
Prepaid expenses	36,081	22,365
Investments, at market value	4,039,900	3,538,016
Operating lease - right of use asset, net	290,983	334,720
Property and equipment, net	<u>20,556</u>	<u>25,526</u>
Total assets	<u>\$ 5,602,065</u>	<u>\$ 5,419,415</u>

LIABILITIES AND NET ASSETS

Liabilities		
Community grants payable	\$ 1,093,792	\$ 1,084,733
Due to designated agencies	43,133	64,387
Operating lease liability	290,983	334,720
Accounts payable	17,154	14,063
Accrued expenses	<u>49,239</u>	<u>82,134</u>
Total liabilities	<u>1,494,301</u>	<u>1,580,037</u>
Net assets		
Without donor restrictions		
Undesignated	1,962,899	1,721,418
Board designated reserve	736,000	736,000
Property and equipment	<u>20,556</u>	<u>25,526</u>
Total without donor restrictions	2,719,455	2,482,944
With donor restrictions	<u>1,388,309</u>	<u>1,356,434</u>
Total net assets	<u>4,107,764</u>	<u>3,839,378</u>
Total liabilities and net assets	<u>\$ 5,602,065</u>	<u>\$ 5,419,415</u>

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

BERKSHIRE UNITED WAY, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR 2023**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains and other support				
Campaign contributions				
Total campaign amounts raised	\$ 1,813,139	\$ -	\$ 1,813,139	\$ 1,842,092
Special event contributions	102,453	-	102,453	86,264
Special event income	39,160	-	39,160	19,247
In-kind support	3,815	-	3,815	5,509
Less: amounts raised on behalf of others	(41,836)	-	(41,836)	(71,935)
Less: provision for uncollectible pledges (see Note 2)	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>(10,927)</u>
Net campaign contributions	1,911,731	-	1,911,731	1,870,250
Interest and dividend income, net of investment fees	48,669	35,231	83,900	55,487
Administrative fees charged on designations	2,109	-	2,109	3,047
Grant income	8,000	15,000	23,000	72,120
Bequests	313,000	-	313,000	-
Contributions - (Venture Fund)	-	-	-	25,000
Realized and unrealized gains on investments	219,016	147,752	366,768	271,124
Released from restrictions (SABIC endowment)	101,103	(101,103)	-	-
Released from restrictions (Venture Fund)	37,000	(37,000)	-	-
Released from restrictions (New Arrivals Fund)	11,191	(11,191)	-	-
Investment return released for operations	<u>16,814</u>	<u>(16,814)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>2,668,633</u>	<u>31,875</u>	<u>2,700,508</u>	<u>2,297,028</u>
Expenses				
Program services - community investment	1,728,645	-	1,728,645	1,614,020
Supporting services:				
Management and general	130,036	-	130,036	160,912
Fundraising (resource development)	<u>573,441</u>	<u>-</u>	<u>573,441</u>	<u>494,957</u>
Total expenses	<u>2,432,122</u>	<u>-</u>	<u>2,432,122</u>	<u>2,269,889</u>
Change in net assets	236,511	31,875	268,386	27,139
Net assets, beginning of year	<u>2,482,944</u>	<u>1,356,434</u>	<u>3,839,378</u>	<u>3,812,239</u>
Net assets, end of year	<u>\$ 2,719,455</u>	<u>\$ 1,388,309</u>	<u>\$ 4,107,764</u>	<u>\$ 3,839,378</u>

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

BERKSHIRE UNITED WAY, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 268,386	\$ 27,139
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	8,982	11,816
Net realized and unrealized gain on investments	(366,768)	(271,124)
Provision for uncollectible pledges	158,527	10,927
Change in operating assets and liabilities:		
Contributions receivable, net	(72,078)	(89,943)
Prepaid expenses	(13,716)	1,343
Community grants payable	9,059	31,126
Due to designated agencies	(21,254)	(16,219)
Accounts payable	3,091	(4,255)
Accrued expenses	<u>(32,895)</u>	<u>47,073</u>
Net cash used in operating activities	<u>(58,666)</u>	<u>(252,117)</u>
Cash flows from investing activities		
Purchase of term deposit	(100,000)	(100,000)
Reinvestment of interest in term deposits	(5,120)	(2,151)
Purchase of property and equipment	(4,012)	(8,065)
Purchase of investments	(1,955,364)	(1,268,556)
Proceeds from the sales of investments	<u>1,820,248</u>	<u>1,437,167</u>
Net cash (used in) provided by investing activities	<u>(244,248)</u>	<u>58,395</u>
Net decrease in cash and cash equivalents	(302,914)	(193,722)
Cash and equivalents, beginning of year	<u>711,676</u>	<u>905,398</u>
Cash and equivalents, end of year	<u>\$ 408,762</u>	<u>\$ 711,676</u>
Schedule of noncash investing and financing activities		
Right of use asset obtained in exchange for existing operating lease liability	\$ -	\$ 377,200
Amortization of operating lease - right of use assets	(43,737)	(42,480)
Amortization of operating lease liability	43,737	42,480

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

BERKSHIRE UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services	Total
	Community Investment	Management and General	Fundraising
Community impact initiative work and grants	\$ 1,060,491		\$ 1,060,491
Salaries and related expenses			
Salaries	321,377	\$ 54,017	\$ 316,718
Employee benefits	50,425	13,655	41,087
Payroll taxes	25,383	4,132	25,532
Total salaries and related expenses	397,185	71,804	383,337
Support costs			
Contracted services	9,783	25,185	4,959
Supplies and small equipment	1,310	966	4,258
Telephone	1,000	400	1,100
Postage	-	224	2,178
Occupancy, other than depreciation and rent	5,140	2,059	5,653
Rent	21,120	8,448	23,232
Printing and publications	1,773	1,120	8,406
Advertising	2,690	-	6,558
Conferences, meetings and special events	28,938	-	64,752
Conferences, training	2,785	848	2,426
Dues and subscriptions	2,220	813	1,615
National and state affiliation dues	7,764	3,106	8,541
General and liability insurance	3,374	1,350	3,711
Bank charges	2,355	797	7,058
Depreciation	3,593	1,437	3,952
Technology	20,961	7,149	41,705
In-kind expenses	-	3,815	-
Miscellaneous expense	2,636	515	-
Bad debt	153,527	-	-
Total support costs	270,969	58,232	190,104
Total community impact and other expenses	\$ 1,728,645	\$ 130,036	\$ 573,441

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

BERKSHIRE UNITED WAY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Community Investment	Management and General	Fundraising	Total
	\$	1,074,017			\$ 1,074,017
Community impact initiative work and grants					
Salaries and related expenses					655,329
Salaries	312,082		\$ 60,553	\$ 282,694	83,013
Employee benefits	38,387		12,070	32,556	52,861
Payroll taxes	24,597		4,376	23,888	791,203
Total salaries and related expenses	375,066		76,999	339,138	
Support costs					
Contracted services	10,934		48,701	21,043	80,678
Supplies and small equipment	11,628		163	6,451	18,242
Telephone	1,516		494	1,285	3,295
Postage	252		305	2,538	3,095
Occupancy, other than depreciation and rent	8,144		2,650	6,903	17,697
Rent	24,288		7,920	20,592	52,800
Printing and publications	2,406		959	4,949	8,314
Advertising	2,961		-	2,979	5,940
Travel	-		1,414	3,175	4,589
Conferences, meetings and special events	50,676		1,556	28,258	80,490
Conferences, training	1,707		825	329	2,861
Dues and subscriptions	1,073		519	812	2,404
National and state affiliation dues	10,202		3,327	8,650	22,179
General and liability insurance	3,486		1,137	2,955	7,578
Bank charges	2,198		5,701	4,560	12,459
Depreciation	5,436		1,772	4,608	11,816
Technology	24,478		5,890	30,196	60,564
In-kind expenses	3,360		-	2,149	5,509
Miscellaneous expense	192		580	3,387	4,159
Total support costs	164,937		83,913	155,819	404,669
Total community impact and other expenses	\$ 1,614,020		\$ 160,912	\$ 494,957	\$ 2,269,889

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

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

1. ORGANIZATION:

Berkshire United Way, Inc. (the "Organization") is a nonprofit organization that ignites the collective power of individuals and organizations to build a stronger community together. The Organization raises funds through workplace campaigns, corporate gifts, sponsorships, government and foundation grants and individual donations. The Organization invests these resources in support of three priority community issues: early childhood literacy, positive youth development and economic prosperity. The Organization partners with a variety of nonprofit organizations in Berkshire County and leads several initiatives to address community needs including Pittsfield Promise and the Economic Prosperity Impact Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The statements of financial position present assets and liabilities in order of their relative liquidity.

Net assets

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accompanying financial statements are classified for accounting and reporting purposes into classes of net assets in accordance with the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. Designated net assets consist of assets without restrictions designated by the Board for investment purposes.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for a general or specific purpose. 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. Realized and unrealized gains and losses on restricted purpose gifts are reported as net assets with donor restrictions in accordance with donor stipulations and Massachusetts law.

The Board has adopted a reserve policy whereby certain net assets without donor restrictions are board designated in order to establish a means to provide ongoing funding for operations and community programs related to significant operational disruptions for a period of four months. This allows time to develop alternative plans if there is an unanticipated decline in available funds. Additionally, it provides a rational basis by which to determine a target range that is not excessive.

Comparative financial information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Recent accounting standard adopted – Allowance for Credit Losses

The FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“CECL”), as amended. The standard was effective July 1, 2023 and introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and broadens the information an entity must consider in developing its expected credit loss estimate for assets measured at amortized cost. This estimate must be based on all relevant information, such as historical information, current conditions, and reasonable and supportable forecasts that could impact the collectability of the amounts. There are no financial assets held by the Organization that are subject to guidance in FASB ASC 326.

The Organization adopted the standard effective July 1, 2023. The standard did not have a material impact on the financial statements upon adoption. Additional information and disclosure required by this new standard are included in the revenue and receivables policy disclosure.

Revenue and receivables

Unconditional contributions, bequests and grants are recognized as support at the time they are pledged. Grants are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. Conditional promises to give represent gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds. They are not recognized as support until the barrier is substantially met.

The Organization reports campaign contributions net of amounts that are designated by donors to a specific non-profit agency. Donor designated pledges were assessed a processing fee of 7.9% and 8.1% (which includes administrative costs) for the years ended June 30, 2024 and 2023, respectively, with a maximum fee of \$200 per donor which is based on historical costs in accordance with United Way Worldwide membership standards.

Contributions receivable are typically due within one year or less and therefore are recorded without any present value discount. The Organization provides for an allowance for uncollectible contributions and grants receivable based upon historical averages and management’s estimates of current economic factors. Accounts are written off against the allowance when management has exhausted all reasonable collection efforts. The allowance for uncollectible contributions receivable was \$66,000 and \$25,000 as of June 30, 2024 and 2023, respectively.

Investments, including endowments

Investments are recorded at fair value using methodologies discussed in Note 5. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Investment activity is reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risk. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Investments, including endowments (continued)

The Organization's investments include donor restricted endowment funds and funds functioning as quasi-endowment funds. Donor restricted endowments consist of gifts received with a donor stipulation that require the funds to be invested in perpetuity. Quasi-endowment funds consist of board designated and donor restricted purpose funds. Board designated funds consist of monies internally designated. Donor restricted purpose funds consist of gifts received with a donor stipulation to be used for a particular purpose, but with no requirement for the funds to be invested in perpetuity and for which a fund was established to function as an endowment.

Professional accounting standards provide guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Massachusetts Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") which serves as a model act for states to modernize their laws governing donor restricted endowment funds.

For the Organization's permanent endowment funds, the Board of Directors (the "Board") has interpreted UPMIFA, as adopted by the Commonwealth of Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity, the original value of bequests donated to the permanent endowment.

The remaining portion of the donor restricted endowment fund is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: the duration and preservation of the funds, the purpose of the Organization and the donor restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Organization, and the investment policies of the Organization.

The Organization's general endowment spending policy is calculated as up to 4.5% of its endowment fund's average fair value as of June 30th of the preceding three years in which the distribution was planned for. In fiscal years 2024 and 2023, this amounted to \$16,814 and \$17,047, respectively, which was used by the Organization. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. Although not required by state law, the same spending policy is followed for investment funds without restrictions.

Outside of the general endowment spending policy, the Organization's spending policy specific to the SABIC endowment is calculated as up to ten percent of the corpus of the fund plus earnings annually. In fiscal years 2024 and 2023, this amounted to \$101,103 and \$108,488, respectively. Additionally, the Venture fund is purpose restricted and can be drawn down in any amount as approved by the board for qualifying expenses. In fiscal years 2024 and 2023, this amounted to \$37,000 and \$42,676, respectively.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Leases – ASC 842

The Organization adopted the ASU No. 2016-02 *Leases* using the modified retrospective approach with July 1, 2022 as the date of initial adoption, with no retrospective adjustments to prior periods. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Organization to carry forward the historical lease classification. The Organization determines if an arrangement is a lease at inception. The Organization continues to assess new leases and modifications to existing leases annually.

The Organization has a lease agreement with lease and non-lease components, which are accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The Organization made an accounting policy election to use a risk-free rate in determining the present value of future payments for its operating leases.

Additional information and disclosures required by this standard are contained in “Note 9, Operating Lease.”

Property and equipment, net

Property and equipment are carried at cost less accumulated depreciation. The Organization capitalizes expenditures for equipment in excess of \$2,500. The fair value of donated equipment is similarly capitalized. Depreciation is calculated based on the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives of buildings and improvements is from seven to twenty years and the lives of furniture and equipment is from three to ten years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. The Organization evaluated the carrying value of its property and equipment and no impairment was recorded.

Depreciation expense was \$8,982 and \$11,816 for the years ended June 30, 2024 and 2023, respectively.

Community grants payable

Community impact grants are awarded to agencies for specific programs for one or two years and are contingent on satisfactory program performance, contract compliance, and available dollars. The grants are recommended by staff, community volunteers and are approved by the Board of Directors. These expenses are recorded prior to the fiscal year end and monthly distributions will be made in the subsequent fiscal year.

Due to designated agencies

Contributions that are designated to a specific third-party beneficiary are recorded as a liability at the time the contribution is received. These pledges are paid to designated agencies, as received, with payments issued at least twice per year. The Organization received donor designations to outside parties of \$41,836 and \$71,935 for the years ended June 30, 2024 and 2023, respectively. This resulted in net designations on the statements of activities of \$41,836 and \$71,935, for the years ended June 30, 2024 and 2023, respectively.

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

In-kind contributions and contributed services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donated supplies, special event related items, and staff labor valued in the amounts of \$3,815 and \$5,509 during the years ended June 30, 2024 and 2023, respectively.

In-kind contributions consist of the following at June 30:

	2024	2023
Gift cards	\$ 620	\$ -
Labor & equipment for community projects	-	100
Advertising/sponsorships	3,195	5,409
Total financial assets available for general expenditure	\$ 3,815	\$ 5,509

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. Approximately 6,300 and 5,200 volunteer hours were contributed, including approximately 900 and 1,800 hours by volunteers from local companies participating in the Organization's annual campaign during the years ended June 30, 2024 and 2023, respectively. The value of the volunteer hours has not been recorded in the statement of activities.

Functional allocation of expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain building costs have been allocated among the programs and supporting services benefited. This allocation is based on the full time equivalent of employees in each respective department. The remaining expenses are direct or allocated based on time spent in each function.

Advertising

The Organization charges advertising costs to expense as incurred which amounted to \$9,248 and \$5,940 for the years ended June 30, 2024 and 2023, respectively.

Tax-exempt status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal or state income taxes has been made.

Uncertain tax positions

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Organization's tax returns are subject to examination by taxing authorities for all years ending on or after June 30, 2021.

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.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Cash equivalents

Cash equivalents are comprised of highly liquid investments with initial maturities of three months or less at the time of purchase.

Term deposits

Term deposits consist of certificates of deposit with original maturity dates greater than 90 days. As of June 30, 2024, certificates of deposit have interest rates ranging from 3.69% to 4.03% and mature from March 2025 to March 2026.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<u>Financial assets at June 30:</u>	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 408,762	\$ 711,676
Term deposit	101,373	102,151
Contributions receivable, net	598,512	684,961
Annual spending policy distribution (estimate)	16,800	17,047
Total financial assets available for general expenditure	<u>\$ 1,125,447</u>	<u>\$ 1,515,835</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that are designed to provide sufficient funds for general expenditures and allow the Organization to satisfy its liabilities and other obligations as they become due. The Organization maintains financial assets on hand to meet approximately four months of normal operating expenses. The Organization has Board Designated endowments available for use throughout the fiscal year (approximately \$2,326,000 and \$2,158,000 at June 30, 2024 and 2023, respectively). The spending policy is detailed in Note 2. The Organization also has a line of credit in the amount of \$300,000, which it could draw upon in the event of an unanticipated liquidity need. The available balance on the line was \$300,000 at both June 30, 2024 and 2023.

4. INVESTMENTS:

The Board of Directors of the Organization, as the governing Board, is responsible for oversight of the Organization's investments. Establishment and implementation of investment policy, including the establishment of investment guidelines and the selection of investment managers, is the Board of Directors' responsibility. Investments authorized include marketable equity and debt securities and other types of investments that may be made with the prior approval of the Board of Directors.

The primary investment objective of the investment portfolio is growth of principal sufficient to preserve purchasing power and to provide income to support current and future activities of the Organization. Long term, the total return on the portfolio should equal the rate of inflation, plus the payout rate which is used to support current activities, plus an amount reinvested to support future activities.

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

4. INVESTMENTS: (CONTINUED)

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires to be retained for perpetual funds. The historic gift value of donor restricted endowment funds cannot be reduced for any excess losses. Any excess losses shall reduce net assets with donor restrictions. As of June 30, 2024 and 2023, there were no cumulative losses on the investments of donor restricted endowment funds.

Investments at June 30, 2024 consist of:

	Cost	Fair Value	Unrealized Gain/(Loss)
Cash	\$ 10,366	\$ 10,366	\$ -
Cash equivalents	276,267	276,203	(64)
Fixed income	666,304	665,887	(417)
Corporate bonds	51,281	48,755	(2,526)
Government bonds	127,872	127,636	(236)
Common stocks	793,192	1,343,351	550,159
Mutual funds	141,812	153,490	11,678
Exchange traded products	1,071,058	1,414,212	343,154
Total investments	<u>\$ 3,138,152</u>	<u>\$ 4,039,900</u>	<u>\$ 901,748</u>

Investments at June 30, 2023 consist of:

	Cost	Fair Value	Unrealized Gain/(Loss)
Cash	\$ 51,886	\$ 51,886	\$ -
Cash equivalents	181,787	181,615	(172)
Fixed income	366,095	353,800	(12,295)
Corporate bonds	196,947	185,375	(11,572)
Government bonds	183,250	179,002	(4,248)
Common stocks	694,133	1,079,767	385,634
Equity funds	701,855	890,407	188,552
Mutual funds	81,579	70,987	(10,592)
Exchange traded products	547,688	545,177	(2,511)
Total investments	<u>\$ 3,005,220</u>	<u>\$ 3,538,016</u>	<u>\$ 532,796</u>

The Organization's bonds were rated as follows as of June 30, 2024 and 2023:

	2024	2023
AAA	\$ 49,011	\$ 96,914
AA+	16,704	-
AA	321,738	130,416
A+	20,012	-
A	88,666	113,740
A-	63,299	-
BAA	-	23,318
BBB+	40,748	-
BBB	9,942	23,694
Not rated	42,128	24,374
Total	<u>\$ 652,248</u>	<u>\$ 412,456</u>

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

4. INVESTMENTS: (CONTINUED)

The following schedule summarizes the investment return in the statements of activities for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 104,124	\$ 83,489
Money market interest	12,524	3,800
Less: fees and other costs	(32,082)	(31,802)
Unrealized gains	368,952	174,696
Realized (losses) gains	(2,184)	96,428
Total	<u>\$ 451,334</u>	<u>\$ 326,611</u>

5. FAIR VALUE MEASUREMENTS:

The Organization follows established guidelines for a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. Market price is generally obtained from exchange or dealer markets.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers and brokers.
- Level 3 Unobservable inputs that are supported by little or no market activity as they trade infrequently or not at all and that are significant to the fair value of the assets or liabilities.

Investments are reported at fair value based on quoted market prices, where available, and/or other market data for the same or comparable instruments and transactions in establishing the prices. Fixed income funds are valued at the closing price reported in the active market in which the bond is traded. All of the Organization's investments qualify as Level 1. (See Note 4).

6. ENDOWMENTS:

Endowment by net asset class and type at June 30, 2024 and 2023 consists of:

	<u>Net Assets with Donor Restrictions</u>		
	<u>Time or Purpose Restricted</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
June 30, 2024			
Donor restricted endowment funds	\$ <u>1,075,697</u>	\$ <u>308,803</u>	\$ <u>1,384,500</u>
June 30, 2023			
Donor restricted endowment funds	\$ <u>1,047,631</u>	\$ <u>308,803</u>	\$ <u>1,356,434</u>

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

6. ENDOWMENTS: (CONTINUED)

The following schedule reconciles the change in endowments by net asset class for the years ended June 30, 2024 and 2023:

	Net Assets with Donor Restrictions		
	Time or Purpose Restricted	Restricted in Perpetuity	Total
Endowment investments - June 30, 2022	\$ 1,061,956	\$ 308,803	\$ 1,370,759
Contributions – Venture fund	25,000		25,000
Realized and unrealized losses	104,632	-	104,632
Interest and dividends, net	24,254	-	24,254
Distributions (SABIC)	(108,488)	-	(108,488)
Distributions (Venture)	(42,676)		(42,676)
Spending policy distribution	(17,047)	-	(17,047)
Endowment investments - June 30, 2023	1,047,631	308,803	1,356,434
Realized and unrealized gains	147,752	-	147,752
Interest and dividends, net	35,231	-	35,231
Distributions (SABIC)	(101,103)	-	(101,103)
Distributions (Venture)	(37,000)	-	(37,000)
Spending policy distribution	(16,814)	-	(16,814)
Endowment investments - June 30, 2024	\$ 1,075,697	\$ 308,803	\$ 1,384,500

7. PROPERTY AND EQUIPMENT:

The Organization's property and equipment consists of the following as of June 30:

	2024	2023
Office improvements	\$ 64,878	\$ 64,878
Furniture and equipment	310,896	306,884
	375,774	371,762
Less: accumulated depreciation	(355,218)	(346,236)
Property and equipment, net	\$ 20,556	\$ 25,526

8. LINE OF CREDIT:

The Organization has a line of credit agreement with a local bank. The maximum amount available on the line of credit is \$300,000 which is due on demand. The line of credit is subject to annual renewal and secured by the property owned by the Organization and the unrestricted investment accounts. The line was renewed to January 31, 2025. The interest rate is the New York Prime Rate as published in the Wall Street Journal (8.50% and 8.25% at June 30, 2024 and 2023, respectively) with an interest rate floor of 2%. There was no outstanding balance against the line of credit at June 30, 2024 and 2023.

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

9. OPERATING LEASE:

Obligations under ASC 842

The Organization has an operating lease for their office space under a non-cancelable operating lease. The Organization's lease commenced July 1, 2020 and is for an initial term of 5 years (through June 30, 2025). The Organization expects to exercise a 5 year renewal option included as part of the original lease agreement, extending the lease through June 2030. The lease provides for monthly installments of \$4,400.

The operating lease right of use ("ROU") asset is adjusted for any lease payments made and excludes lease incentives and initial direct costs incurred. The Organization's lease terms may include options to extend or terminate the lease at certain dates, typically at the Organization's own discretion. The Organization regularly evaluates the renewal options and when they are reasonably certain of exercise, the Organization includes the renewal period in its lease term.

The following summarizes the amount, timing, and uncertainty of cash flows arising from this lease as of June 30:

	2024	2023
Lease expense		
Operating lease expense included in rent on the statement of functional expenses	\$ 52,800	\$ 52,800

Other information

Cash paid for amounts included in the measurement of the lease liability		
Operating cash flows from operating lease	\$ 52,800	\$ 52,800
ROU asset obtained in exchange for operating lease liability	377,200	377,200
Weighted-average remaining lease term in years for operating leases	6.00	7.00
Weighted-average discount rate for the operating lease – risk free rate	2.92%	2.92%

Maturity analysis – June 30th:

	Operating
2025	\$ 52,800
2026	52,800
2027	52,800
2028	52,800
2029	52,800
Thereafter	52,800
Total undiscounted cash flows	316,800
Less: present value discount	(25,817)
Total lease liabilities	\$ 290,983
Operating lease liability, current portion	\$ 45,031
Operating lease liability, non-current	245,952
Total lease liabilities	\$ 290,983

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with time/purpose donor restrictions are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
SABIC endowment	\$ 668,732	\$ 709,258
Venture fund	303,999	289,163
Accumulated earnings on endowments restricted in perpetuity	102,966	49,210
New Arrivals fund	3,809	-
	<u>\$ 1,079,506</u>	<u>\$ 1,047,631</u>

Net assets with donor restrictions in perpetuity are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Ruth P. Boraski – Children’s programs	\$ 211,378	\$ 211,378
General endowment	35,000	35,000
GE Good Neighbor – Community programs	62,425	62,425
	<u>308,803</u>	<u>308,803</u>
Total donor restricted net assets	<u>\$ 1,388,309</u>	<u>\$ 1,356,434</u>

The net assets with donor restrictions released from restrictions in 2024 related to the following:

SABIC endowment - (up to 10% corpus)	\$ 84,532
- (earnings)	16,571
	<u>\$ 101,103</u>
Venture Fund draw	<u>\$ 37,000</u>
Spending policy distributions on other endowments	<u>\$ 16,814</u>
New Arrivals fund	<u>\$ 11,191</u>

11. RETIREMENT PLAN:

The Organization maintains a 403(b) Plan (the "Plan") for eligible employees. Employees are able to make salary reduction contributions upon hire. Employees are eligible for matching and base contributions from the Organization upon reaching age twenty-one and achieving one year of service (1,000 hours of service). The Organization's contribution to the Plan was \$43,275 and \$24,570 for the years ended June 30, 2024 and 2023, respectively.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

12. RELATED PARTY TRANSACTIONS:

The Organization recorded grants to various agencies who had affiliations with members of the board of directors and Berkshire United Way staff, totaling approximately \$240,000 for the years ended June 30, 2024 and 2023.

13. CONTINGENCIES:

Disallowed claims

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds requiring repayment to the funding source. As of the date of these financial statements, the Organization has not been informed of any disallowed expenditures.

14. CONCENTRATIONS OF CREDIT RISK:

The Organization maintains its cash balance in local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At various times during the period, the cash balances may exceed the insured amounts. The Organization has not experienced any losses on these accounts and management monitors any credit risk that may exist with respect to these cash balances.

Campaign contributions from one foundation accounted for 14% and 15% of total campaign contributions for the years ended June 30, 2024 and 2023, respectively.

Contributions receivable from two company's accounted for 20% of total contributions receivable for the year ended June 30, 2024. Contributions receivable from one company accounted for 13% of total contributions receivable for the year ended June 30, 2023.

15. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 25, 2024, the date of which the financial statements were available to be issued.