

UNITED WAY OF CENTRAL MARYLAND, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended June 30, 2024 and 2023

UNITED WAY OF CENTRAL MARYLAND, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

JUNE 30, 2024 AND 2023

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
United Way of Central Maryland, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the statements of financial position of United Way of Central Maryland, Inc. (UWCM) as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UWCM as of June 30, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of UWCM 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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 UWCM's ability to continue as a going concern for one year after the date that the financial statements are available for issuance.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 UWCM's internal controls. 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 UWCM'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 controls-related matters that we identified during the audit.

Owings Mills, Maryland
November 30, 2024



UNITED WAY OF CENTRAL MARYLAND, INC.

**Statements of Financial Position
As of June 30, 2024 and 2023**

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ - | \$ 2,153,751 |
| Pledges receivable, net | 11,148,450 | 11,152,152 |
| Grants receivable, net | 811,319 | 958,492 |
| Prepaid expenses and other assets | 1,486,810 | 1,236,114 |
| Investments, at fair value | 33,538,626 | 36,123,444 |
| Property, plant, and equipment, net | 2,910,587 | 3,441,756 |
| Right of use asset - operating leases | 1,943,635 | 2,404,156 |
| Beneficial Interest in Charitable Trust | 2,809,951 | 3,315,982 |
| Total Assets | <u>\$ 54,649,378</u> | <u>\$ 60,785,847</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 3,890,459 | \$ 11,066,611 |
| Deferred revenue | 6,143,041 | 1,504,170 |
| Allocations and other distributions payable | 615,754 | 1,021,630 |
| Retirement benefits payable | 705,420 | 547,743 |
| Designations payable | 3,055,230 | 3,319,668 |
| Notes Payable | 3,849,790 | - |
| Lease liabilities - operating leases | 2,584,819 | 3,184,685 |
| Total Liabilities | <u>20,844,513</u> | <u>20,644,507</u> |
| Net Assets | | |
| Without donor restrictions | 27,477,567 | 33,083,884 |
| With donor restrictions | 6,327,298 | 7,057,456 |
| Total Net Assets | <u>33,804,865</u> | <u>40,141,340</u> |
| Total Liabilities and Net Assets | <u>\$ 54,649,378</u> | <u>\$ 60,785,847</u> |

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

UNITED WAY OF CENTRAL MARYLAND, INC.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2024, with Comparative Totals for 2023

| | 2024 | | | | | | 2023 Totals |
|--|----------------------------|---------------------|----------------------|----------------------------------|-------------------------|----------------------|----------------------|
| | Without Donor Restrictions | | | Total Without Donor Restrictions | With Donor Restrictions | Total | |
| | Operating | Plant | Board Designated | | | | |
| Public support and other revenue | | | | | | | |
| Campaign pledges and contributions | | | | | | | |
| Pledges and contributions | \$ 17,323,153 | \$ - | \$ - | \$ 17,323,153 | \$ 206,559 | \$ 17,529,712 | \$ 19,821,873 |
| Provision for bad debt | (660,039) | - | - | (660,039) | (8,262) | (668,301) | (543,398) |
| Donor designations to outside agencies | (3,912,790) | - | - | (3,912,790) | (72,960) | (3,985,750) | (4,752,274) |
| Net Assets released from restrictions | | | | | | | |
| Satisfaction of restricted pledges and contributions | 517,502 | - | - | 517,502 | (517,502) | - | - |
| Satisfaction of restricted donor designation | (272,400) | - | - | (272,400) | 272,400 | - | - |
| Total public support | 12,995,426 | - | - | 12,995,426 | (119,765) | 12,875,661 | 14,526,201 |
| Other revenue | | | | | | | |
| Federal grant income | 6,149,293 | - | - | 6,149,293 | - | 6,149,293 | 36,424,238 |
| Grant income | 4,396,393 | - | - | 4,396,393 | - | 4,396,393 | 5,618,536 |
| Community initiatives | - | - | - | - | - | - | 16,446 |
| Investment income, net | - | - | 650,695 | 650,695 | 22,040 | 672,735 | 490,302 |
| Realized net gain on investments | - | - | 902,601 | 902,601 | 99,375 | 1,001,976 | 158,263 |
| Unrealized net gain on investments | 1,658,999 | - | - | 1,658,999 | 108,585 | 1,767,584 | 2,177,424 |
| In-kind revenue | 539,650 | - | - | 539,650 | - | 539,650 | 615,500 |
| Other income, net | 1,711,725 | - | 118,639 | 1,830,364 | (506,019) | 1,324,345 | 1,419,377 |
| Net Assets released from restrictions | | | | | | | |
| Satisfaction of restricted grants | 334,374 | - | - | 334,374 | (334,374) | - | - |
| Total other revenue | 14,790,434 | - | 1,671,935 | 16,462,369 | (610,393) | 15,851,976 | 46,920,086 |
| Total public support and other revenue | 27,785,860 | - | 1,671,935 | 29,457,795 | (730,158) | 28,727,637 | 61,446,287 |
| Expenses | | | | | | | |
| Program support | | | | | | | |
| Impact Strategies: | | | | | | | |
| Allocations and other distributions | 1,561,660 | - | - | 1,561,660 | - | 1,561,660 | 345,614 |
| Grant expenses | 2,629,483 | - | - | 2,629,483 | - | 2,629,483 | 2,192,823 |
| In-kind | 539,650 | - | - | 539,650 | - | 539,650 | 615,500 |
| Impact strategies - payroll and other expenses | 17,147,489 | 237,918 | - | 17,385,407 | - | 17,385,407 | 46,491,523 |
| Neighborhood Zone | 2,348,108 | 196,695 | - | 2,544,803 | - | 2,544,803 | 2,416,899 |
| Information and referral | 2,167,530 | 43,240 | - | 2,210,770 | - | 2,210,770 | 1,738,783 |
| United Way Worldwide membership | 381,005 | - | - | 381,005 | - | 381,005 | 389,330 |
| Total program support | 26,774,925 | 477,853 | - | 27,252,778 | - | 27,252,778 | 54,190,472 |
| Support services | | | | | | | |
| Organizational administration | 2,897,992 | 21,023 | - | 2,919,015 | - | 2,919,015 | 2,518,177 |
| Resource development and endowment | 4,704,302 | 47,098 | - | 4,751,400 | - | 4,751,400 | 4,379,921 |
| United Way Worldwide membership | 140,920 | - | - | 140,920 | - | 140,920 | 191,759 |
| Total support services | 7,743,214 | 68,121 | - | 7,811,335 | - | 7,811,335 | 7,089,857 |
| Total expenses | 34,518,139 | 545,974 | - | 35,064,113 | - | 35,064,113 | 61,280,329 |
| Changes in net assets before transfers | (6,732,279) | (545,974) | 1,671,935 | (5,606,318) | (730,158) | (6,336,476) | 165,958 |
| Transfers | | | | | | | |
| Equipment purchases | (15,173) | 15,173 | - | - | - | - | - |
| Distribution of income | - | - | - | - | - | - | - |
| Total transfers | (15,173) | 15,173 | - | - | - | - | - |
| Changes in net assets | (6,747,452) | (530,801) | 1,671,935 | (5,606,318) | (730,158) | (6,336,476) | 165,958 |
| Net assets, beginning of year | 2,980,168 | 3,441,386 | 26,662,331 | 33,083,885 | 7,057,456 | 40,141,341 | 39,975,383 |
| Net assets, End of Year | \$ (3,767,284) | \$ 2,910,585 | \$ 28,334,266 | \$ 27,477,567 | \$ 6,327,298 | \$ 33,804,865 | \$ 40,141,341 |

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL MARYLAND, INC.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2023

| | Without Donor Restrictions | | | Total Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------|---------------------|----------------------|----------------------------------|-------------------------|----------------------|
| | Operating | Plant | Board Designated | | | |
| Public support and other revenue | | | | | | |
| Campaign pledges and contributions | | | | | | |
| Pledges and contributions | \$ 18,258,024 | \$ - | \$ - | \$ 18,258,024 | \$ 1,563,849 | \$ 19,821,873 |
| Provision for bad debt | (480,651) | - | - | (480,651) | (62,747) | (543,398) |
| Donor designations to outside agencies | (3,956,674) | - | - | (3,956,674) | (795,600) | (4,752,274) |
| Net Assets released from restrictions | | | | | | |
| Satisfaction of restricted pledges and contributions | 688,760 | - | - | 688,760 | (688,760) | - |
| Satisfaction of restricted donor designation | (292,752) | - | - | (292,752) | 292,752 | - |
| Total public support | <u>14,216,707</u> | <u>-</u> | <u>-</u> | <u>14,216,707</u> | <u>309,494</u> | <u>14,526,201</u> |
| Other revenue | | | | | | |
| Federal grant income | 36,424,238 | - | - | 36,424,238 | - | 36,424,238 |
| Grant income | 5,568,052 | - | - | 5,568,052 | 50,484 | 5,618,536 |
| PPP loan forgiveness | - | - | - | - | - | - |
| Community initiatives | 16,446 | - | - | 16,446 | - | 16,446 |
| Investment income, net | - | - | 476,414 | 476,414 | 13,888 | 490,302 |
| Realized net gain on investments | - | - | 102,342 | 102,342 | 55,921 | 158,263 |
| Unrealized net (loss) on investments | 2,073,505 | - | - | 2,073,505 | 103,919 | 2,177,424 |
| In-kind revenue | 615,500 | - | - | 615,500 | - | 615,500 |
| Other income, net | 1,146,443 | - | 212,167 | 1,358,610 | 60,767 | 1,419,377 |
| Net Assets released from restrictions | | | | | | |
| Satisfaction of restricted grants | 947,727 | - | - | 947,727 | (947,727) | - |
| Total other revenue | <u>46,791,911</u> | <u>-</u> | <u>790,923</u> | <u>47,582,834</u> | <u>(662,748)</u> | <u>46,920,086</u> |
| Total public support and other revenue | <u>61,008,618</u> | <u>-</u> | <u>790,923</u> | <u>61,799,541</u> | <u>(353,254)</u> | <u>61,446,287</u> |
| Expenses | | | | | | |
| Program support | | | | | | |
| Impact Strategies: | | | | | | |
| Allocations and other distributions | 345,614 | - | - | 345,614 | - | 345,614 |
| Grant expenses | 2,192,823 | - | - | 2,192,823 | - | 2,192,823 |
| In-kind | 615,500 | - | - | 615,500 | - | 615,500 |
| Impact strategies - payroll and other expenses | 46,244,942 | 246,581 | - | 46,491,523 | - | 46,491,523 |
| The Ben Center | 2,225,577 | 191,322 | - | 2,416,899 | - | 2,416,899 |
| Information and referral | 1,700,725 | 38,058 | - | 1,738,783 | - | 1,738,783 |
| United Way Worldwide membership | 389,330 | - | - | 389,330 | - | 389,330 |
| Total program support | <u>53,714,511</u> | <u>475,961</u> | <u>-</u> | <u>54,190,472</u> | <u>-</u> | <u>54,190,472</u> |
| Support services | | | | | | |
| Organizational administration | 2,496,568 | 21,609 | - | 2,518,177 | - | 2,518,177 |
| Resource development and endowment | 4,335,434 | 44,487 | - | 4,379,921 | - | 4,379,921 |
| United Way Worldwide membership | 191,759 | - | - | 191,759 | - | 191,759 |
| Total support services | <u>7,023,761</u> | <u>66,096</u> | <u>-</u> | <u>7,089,857</u> | <u>-</u> | <u>7,089,857</u> |
| Total expenses | <u>60,738,272</u> | <u>542,057</u> | <u>-</u> | <u>61,280,329</u> | <u>-</u> | <u>61,280,329</u> |
| Changes in net assets before transfers | 270,346 | (542,057) | 790,923 | 519,212 | (353,254) | 165,958 |
| Transfers | | | | | | |
| Equipment purchases | (94,396) | 94,396 | - | - | - | - |
| Distribution of income | - | - | - | - | - | - |
| Total transfers | <u>(94,396)</u> | <u>94,396</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Changes in net assets | 175,950 | (447,661) | 790,923 | 519,212 | (353,254) | 165,958 |
| Net assets, beginning of year | 2,804,218 | 3,889,047 | 25,871,408 | 32,564,673 | 7,410,710 | 39,975,383 |
| Net assets, End of Year | <u>\$ 2,980,168</u> | <u>\$ 3,441,386</u> | <u>\$ 26,662,331</u> | <u>\$ 33,083,885</u> | <u>\$ 7,057,456</u> | <u>\$ 40,141,341</u> |

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL MARYLAND, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2024 with Comparative Totals for 2023

| | 2024 | | | | | | | | | 2023 Totals |
|---|----------------------|---------------------|--------------------------|-----------------------|-------------------------------|------------------------------------|------------------------|----------------------|----------------------|-------------|
| | Program Support | | | | Support Services | | | | Total | |
| | Impact Strategies | Neighborhood Zone | Information and Referral | Total Program Support | Organizational Administration | Resource Development and Endowment | Total Support Services | | | |
| Allocations and other distributions | \$ 1,561,660 | \$ - | \$ - | \$ 1,561,660 | \$ - | \$ - | \$ - | \$ 1,561,660 | \$ 345,613 | |
| Grant expense | 1,880,905 | 321,680 | 426,898 | 2,629,483 | - | - | - | 2,629,483 | 2,192,824 | |
| In-kind | 539,650 | - | - | 539,650 | - | - | - | 539,650 | 615,500 | |
| Total allocations and grants | 3,982,215 | 321,680 | 426,898 | 4,730,793 | - | - | - | 4,730,793 | 3,153,937 | |
| Salaries | 8,923,271 | 1,739,412 | 1,527,047 | 12,189,730 | 1,529,677 | 2,925,342 | 4,455,019 | 16,644,749 | 15,110,390 | |
| Retirement plans | 304,405 | 43,973 | 43,560 | 391,938 | 93,802 | 100,361 | 194,163 | 586,101 | 504,167 | |
| Employee benefits | 860,045 | 148,094 | 180,697 | 1,188,836 | 160,198 | 246,198 | 406,396 | 1,595,232 | 1,335,879 | |
| Payroll taxes and insurance | 687,965 | 133,752 | 120,468 | 942,185 | 119,061 | 223,252 | 342,313 | 1,284,498 | 1,184,968 | |
| Total payroll expenses | 10,775,686 | 2,065,231 | 1,871,772 | 14,712,689 | 1,902,738 | 3,495,153 | 5,397,891 | 20,110,580 | 18,135,404 | |
| Accounting fees | - | - | - | - | 74,700 | - | 74,700 | 74,700 | 72,700 | |
| Client direct services | 2,674,186 | 10,998 | 35,943 | 2,721,127 | - | - | - | 2,721,127 | 33,413,321 | |
| Depreciation and amortization | 237,918 | 196,695 | 43,240 | 477,853 | 21,023 | 47,098 | 68,121 | 545,974 | 542,054 | |
| Equipment maintenance and rental | 9,227 | 582 | 3,137 | 12,946 | 280 | 3,377 | 3,657 | 16,603 | 11,199 | |
| Interest | 54,572 | - | - | 54,572 | 56,551 | - | 56,551 | 111,123 | - | |
| Legal fees | 32,780 | - | - | 32,780 | 52,641 | - | 52,641 | 85,421 | 20,596 | |
| Local transportation and meetings | 27,500 | 4,151 | 3,179 | 34,830 | 6,545 | 25,800 | 32,345 | 67,175 | 57,128 | |
| Marketing | 420,334 | - | - | 420,334 | - | 652,204 | 652,204 | 1,072,538 | 914,551 | |
| Membership dues and subscriptions | 38,289 | 3,995 | 1,032 | 43,316 | 14,720 | 22,421 | 37,141 | 80,457 | 183,410 | |
| Occupancy | 506,844 | 21,670 | 87,675 | 616,189 | 74,170 | 88,032 | 162,203 | 778,392 | 805,645 | |
| Out of town travel | 52,843 | 1,135 | - | 53,978 | 31,442 | 146 | 31,587 | 85,565 | 73,724 | |
| Postage and shipping | 20,413 | 72 | 79 | 20,564 | 11,351 | 8,182 | 19,533 | 40,097 | 27,511 | |
| Printing and promotion | 177,790 | 3,767 | 1,845 | 183,402 | 22,022 | 78,647 | 100,669 | 284,071 | 250,105 | |
| Professional fees and other services | 1,831,248 | 105,807 | 94,012 | 2,031,067 | 581,379 | 216,016 | 797,395 | 2,828,462 | 2,198,120 | |
| Public events | 256,957 | 31,788 | 2,784 | 291,529 | 20,762 | 70,785 | 91,547 | 383,076 | 429,475 | |
| Supplies | 162,438 | 69,667 | 7,107 | 239,212 | 18,825 | 5,321 | 24,147 | 263,359 | 158,032 | |
| Telecommunications | 106,382 | 29,245 | 58,965 | 194,592 | 29,867 | 38,216 | 68,083 | 262,675 | 252,328 | |
| Total other expenses | 6,609,721 | 479,572 | 338,998 | 7,428,291 | 1,016,277 | 1,256,246 | 2,272,524 | 9,700,815 | 39,409,899 | |
| Total payroll and other expenses | 17,385,407 | 2,544,803 | 2,210,770 | 22,140,980 | 2,919,015 | 4,751,400 | 7,670,415 | 29,811,395 | 57,545,303 | |
| United Way Worldwide membership | 316,443 | 39,249 | 25,313 | 381,005 | 49,896 | 91,024 | 140,920 | 521,925 | 581,089 | |
| Total expenses | \$ 21,684,065 | \$ 2,905,732 | \$ 2,662,981 | \$ 27,252,778 | \$ 2,968,911 | \$ 4,842,423 | \$ 7,811,334 | \$ 35,064,113 | \$ 61,280,329 | |

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL MARYLAND, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2023

| | Program Support | | | Total Program Support | Support Services | | Total Support Services | Total |
|---|----------------------|---------------------|--------------------------|-----------------------|-------------------------------|------------------------------------|------------------------|----------------------|
| | Impact Strategies | Neighborhood Zone | Information and Referral | | Organizational Administration | Resource Development and Endowment | | |
| Allocations and other distributions | \$ 345,613 | \$ - | \$ - | \$ 345,613 | \$ - | \$ - | \$ - | \$ 345,613 |
| Grant expense | 1,684,782 | 473,071 | 34,971 | 2,192,824 | - | - | - | 2,192,824 |
| In-kind | 615,500 | - | - | 615,500 | - | - | - | 615,500 |
| Total allocations and grants | 2,645,895 | 473,071 | 34,971 | 3,153,937 | - | - | - | 3,153,937 |
| Salaries | 8,413,965 | 1,633,154 | 1,060,638 | 11,107,757 | 1,305,079 | 2,697,554 | 4,002,633 | 15,110,390 |
| Retirement plans | 271,452 | 36,985 | 26,097 | 334,534 | 82,996 | 86,637 | 169,633 | 504,167 |
| Employee benefits | 766,607 | 111,322 | 112,541 | 990,470 | 137,423 | 207,986 | 345,409 | 1,335,879 |
| Payroll taxes and insurance | 656,604 | 122,797 | 90,578 | 869,979 | 105,127 | 209,862 | 314,989 | 1,184,968 |
| Total payroll expenses | 10,108,628 | 1,904,258 | 1,289,854 | 13,302,740 | 1,630,625 | 3,202,039 | 4,832,664 | 18,135,404 |
| Accounting fees | - | - | - | - | 72,700 | - | 72,700 | 72,700 |
| Client direct services | 33,142,986 | 52,755 | 217,580 | 33,413,321 | - | - | - | 33,413,321 |
| Depreciation and amortization | 246,581 | 191,321 | 38,058 | 475,960 | 21,608 | 44,486 | 66,094 | 542,054 |
| Equipment maintenance and rental | 4,469 | 203 | 1,318 | 5,990 | 2,587 | 2,622 | 5,209 | 11,199 |
| Interest | - | - | - | - | - | - | - | - |
| Legal fees | 4,942 | - | - | 4,942 | 15,654 | - | 15,654 | 20,596 |
| Local transportation and meetings | 15,883 | 4,373 | 8,124 | 28,380 | 6,254 | 22,494 | 28,748 | 57,128 |
| Marketing | 434,909 | - | - | 434,909 | - | 479,642 | 479,642 | 914,551 |
| Membership dues and subscriptions | 137,125 | 3,535 | 993 | 141,653 | 13,303 | 28,454 | 41,757 | 183,410 |
| Occupancy | 523,272 | 15,196 | 75,054 | 613,522 | 100,139 | 91,984 | 192,123 | 805,645 |
| Out of town travel | 30,135 | 2,215 | - | 32,350 | 41,291 | 83 | 41,374 | 73,724 |
| Postage and shipping | 13,188 | 205 | - | 13,393 | 11,373 | 2,745 | 14,118 | 27,511 |
| Printing and promotion | 158,547 | 8,563 | 1,810 | 168,920 | 19,413 | 61,772 | 81,185 | 250,105 |
| Professional fees and other services | 1,195,092 | 139,939 | 46,173 | 1,381,204 | 504,132 | 312,784 | 816,916 | 2,198,120 |
| Public events | 291,845 | 10,615 | 514 | 302,974 | 34,926 | 91,575 | 126,501 | 429,475 |
| Supplies | 78,836 | 53,644 | 101 | 132,581 | 19,882 | 5,569 | 25,451 | 158,032 |
| Telecommunications | 105,085 | 30,077 | 59,204 | 194,366 | 24,290 | 33,672 | 57,962 | 252,328 |
| Total other expenses | 36,382,895 | 512,641 | 448,929 | 37,344,465 | 887,552 | 1,177,882 | 2,065,434 | 39,409,899 |
| Total payroll and other expenses | 46,491,523 | 2,416,899 | 1,738,783 | 50,647,205 | 2,518,177 | 4,379,921 | 6,898,098 | 57,545,303 |
| United Way Worldwide membership | 354,466 | 17,432 | 17,432 | 389,330 | 69,730 | 122,029 | 191,759 | 581,089 |
| Total expenses | \$ 49,491,884 | \$ 2,907,402 | \$ 1,791,186 | \$ 54,190,472 | \$ 2,587,907 | \$ 4,501,950 | \$ 7,089,857 | \$ 61,280,329 |

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL MARYLAND, 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 | | |
| Changes in net assets | \$ (6,336,476) | \$ 165,958 |
| Adjustments to reconcile changes in net assets to net cash used from operating activities | | |
| Depreciation and amortization | 545,974 | 542,054 |
| Net realized and unrealized gain on investments | (2,769,560) | (2,335,687) |
| (Decrease) increase in provision for uncollectible pledges | (67,771) | 55,854 |
| Change in measurement of leases | (139,345) | 780,529 |
| Change in value of charitable trust | 506,031 | (60,766) |
| Effects from changes in non-cash operating assets and liabilities | | |
| Pledges receivable | 71,473 | (2,670,625) |
| Grants receivable | 147,173 | 1,973,615 |
| Prepaid expenses and other assets | (250,696) | (55,712) |
| Accounts payable and accrued expenses | (7,176,152) | 8,328,868 |
| Deferred revenue | 4,638,871 | (16,372,531) |
| Deferred rent | - | (894,724) |
| Allocations and other distributions payable | (405,876) | (1,498,660) |
| Retirement benefits payable | 157,677 | 107,174 |
| Designation payable | (264,438) | (3,620) |
| Net Cash from Operating Activities | <u>(11,343,115)</u> | <u>(11,938,273)</u> |
| Cash Flows from Investing Activities | | |
| Purchases of equipment and construction in progress | (14,804) | (94,762) |
| Purchases of investments | (24,388,212) | (26,519,716) |
| Proceeds from sale of investments | 29,742,590 | 24,510,587 |
| Proceeds from notes payable | 3,849,790 | - |
| Net Cash from Investing Activities | <u>9,189,364</u> | <u>(2,103,891)</u> |
| Net change in cash and cash equivalents | (2,153,751) | (14,042,164) |
| Cash and cash equivalents, beginning of year | 2,153,751 | 16,195,915 |
| Cash and Cash Equivalents, End of Year | <u>\$ -</u> | <u>\$ 2,153,751</u> |

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

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

1. NATURE OF OPERATIONS

Background

United Way of Central Maryland, Inc. (UWCM) is a nonprofit charitable organization, incorporated in 1925 as The Community Fund of Baltimore. UWCM's mission is "To improve lives by empowering leaders and mobilizing the caring power of our communities." UWCM licenses its name and trademarks from United Way Worldwide (UWW). UWCM's service area consists of the City of Baltimore and Anne Arundel, Baltimore, Carroll, Harford and Howard counties.

Ultimate authority and responsibility for overseeing UWCM's affairs resides with its volunteer Board of Directors. UWCM also receives advice and advocacy from volunteer non-governing boards in each jurisdiction UWCM serves: Baltimore City and Anne Arundel, Baltimore, Carroll, Harford and Howard counties. The chair of each of these six entities also serves on UWCM's Board of Directors.

In June 2019, UWCM's Board of Directors approved a new strategic plan to guide the organization's work through 2025. This plan commits UWCM to help lower the barriers for low-wage earners, i.e., families and individuals living at or below 300% of the Federal Poverty Level who are "Asset-Limited Income-Constrained Employed" (ALICE), i.e., often working two or more full-time minimum wage jobs yet struggling to afford basic needs. UWCM focuses on strategies to empower these families with emphasis on the essentials of stability: education, economic advancement, housing, and health; deploying a resident-driven, neighborhood-centered model that utilizes data as well as best and promising practices. UWCM leverages its strengths as a convener, collaborator, and knowledge source; analyzes data on indicators; and convenes residents and stakeholders to co-create innovative solutions and programs. UWCM funds its own proven programs and promising initiatives as well as those of non-profit agencies and organizations (e.g., schools) that help people living as ALICE using tools such as childcare vouchers, homelessness prevention, and supportive services. The goal is to transition families to self-sustainable solutions such as long-term housing that is affordable, asset-building, and financial literacy.

To support this work, UWCM raises revenue year-round across Central Maryland through workplace giving in the private sector, from individuals who are solicited directly and via grants from public and private sources. It also recruits volunteers for board-level, committee-level work and/or hands-on support. UWCM also holds the top 4-star rating on Charity Navigator.

All organizations receiving discretionary funding are required to submit reports demonstrating their adherence to formal and enforced criteria and goals around program models, staffing, organizational capacity, and historical experience in the delivery of stated services. Reports are carefully monitored, with assistance provided when failure to adhere to goals is indicated.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

1. NATURE OF OPERATIONS (continued)

Background (continued)

UWCM also owns and houses one of four geographically dispersed call centers in the 211 Maryland System, providing comprehensive community information and referral services to Maryland residents seeking health and human services. The service is accessible 24/7 in more than 150 languages, providing callers with help on thousands of health and human service needs ranging from housing, utility, and earned-income tax credit assistance, to childcare, access to health care and eviction prevention. Service is provided through the 211 Maryland United Way Helpline.

Program Services

Program services represent the cost of UWCM managed programs that provide services to individuals, families, nonprofit agencies and the community in general. These services include:

Information and Referral

2-1-1 Maryland UWCM Helpline

211 Maryland United Way Helpline provides comprehensive, 24-hour community information and referral services to Maryland residents who seek health and human services. Using an automated community resource database that is updated at least annually, trained community resource specialists who are certified by Inform USA (formerly Alliance of Information and Referral Systems (AIRS)), answer requests for assistance as well as problem-solve for a wide range of needs, including financial resources to prevent utility cut-off or eviction, emergency food and shelter, disaster relief, substance abuse treatment, after school programs and domestic violence counseling. Community resource specialists assess callers' service needs and provide information, referral, advocacy, crisis intervention and follow-up as appropriate. 211 Maryland United Way Helpline is accredited by Inform USA (formerly AIRS).

UWCM received funding from corporate, foundation, government, nonprofit and individual funders for staffing and communication system support; from CASH Campaign of Maryland to continue to enhance UWCM's efforts to increase awareness of the earned income tax credit and set appointments for free tax preparation at local sites through several community partners; from CareFirst to connect community members to vital resources related to social determinants of health and Lyft rides for medical appointments; UWW for Lyft rides to job interviews, food pantries, or other approved use cases; and from the Maryland Department of Health (MDH) and the Behavioral Health Administration through the statewide 211 system.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

1. NATURE OF OPERATIONS (continued)

Impact Strategies

Impact Strategies Division (IS): IS works to ensure that basic human needs are met, especially for ALICE (Asset Limited Income Constrained Employed), and in doing so, aims to stabilize their lives and build self-sufficiency to help families achieve their dreams. This is accomplished in several ways.

IS administers two primary types of funding streams to nonprofit organizations: competitive grants and directed grants. Competitive grants provide agencies with programmatic, operating and/or emergency funding, usually in the areas of food, housing, income/employment, health/mental health, education, neighborhood strengthening, and crisis response. UWCM maintains six volunteer Region United Network (RUN Boards, formerly Partnership Boards) covering each of the jurisdictions it serves. One of the important roles of the RUN Boards is to monitor ongoing and emerging community needs and identify where the gaps in resources and services at the local level. Through open and competitive grant processes, UWCM seeks applications from nonprofit organizations to address identified needs. RUN Boards assess these applications and, based on where funding from UWCM will have the greatest impact, select community partners for grant awards.

Directed grants are usually noncompetitive and are awarded to uniquely qualified organizations that serve UWCM's target populations and achieve the goals of identified initiatives.

All grants, partnerships, convenings, and other activities designed for impact, have equity at its core. UWCM's equity leader works with all aspects of the organization to ensure equity remains at the forefront when delivering impact to individuals, organizations, and communities.

Ultimate authority for all grants rests with UWCM's board of directors. IS monitors grantees to ensure funds are expended as intended outcomes are achieved and sound fiscal health is maintained.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

1. NATURE OF OPERATIONS (continued)

Impact Strategies (continued)

Impact Strategies Division (IS): (continued)

On a limited basis, IS professionals also provide direct case management and modest financial support to individuals and families at high risk of, or experiencing, homelessness. IS also provides staff support to the Veterans Treatment Court, an alternative resolution court in Baltimore City and Anne Arundel County for veterans, and organizes Project Homeless Connect, a one-day resource fair for people experiencing homelessness in Harford County. IS currently operates three Family Centers that provide quality childcare, early learning, and wrap around supports for families. IS also provides staff support for plans to end homelessness in Baltimore City and other jurisdictions. The IS team also manages various regional initiatives and educates the public about the challenges faced by those experiencing poverty or who are ALICE. In addition, IS provides subject matter expertise and serves as a regional convener on various health and human service problems. For agencies, IS provides training and technical services, advocacy and public policy support, training, and networking opportunities. Recently, the IS division has separated into several divisions: IS, Grants, and the newly formed Social Impact Accelerator. The Accelerator has become the hub for data and research partnerships with higher education research institutes and other UWs and provides a mechanism for promoting publications such as the ALICE report and Benefits Cliff Study. The Accelerator will also now routinely performs return on investment analysis and produces research and best practices briefs.

The work of UWCM centers around data, research, and best practices to incubate, codify models/approaches, and then replicate throughout central Maryland. It is the goal to increase capacity for these models, in partnership with others, to increase impact for Marylanders. UWCM strives to be a centralized hub and “go to” for stakeholders in need of data, information, and consultation to achieve greater impact.

UWCM has hired a team of staff to address the eviction crisis in Central Maryland. These positions and the financial support to prevent the evictions including rent arrearages and rent forward payments have been secured through the state and local government’s allocation of federal grant dollars designed to address the ongoing effects of the pandemic on household’s ability to pay rent. These dollars have significantly changed how eviction prevention is delivered allowing for “bulk” prevention by working directly with the landlords vs. the historical strategy of household by household. The staff are responsible for document review and compliance.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

1. NATURE OF OPERATIONS (continued)

Impact Strategies (continued)

Government and Public Affairs: Senior level staff within the IS division participate on several boards and committees of organizations who perform advocacy as part of their mission. Thus, UWCM is able to remain up to date on current legislative issues. UWCM also maintains relationships with several lobbyists, contracting with a Public Affairs firm to further stay abreast of public policy issues. The board Public Policy Committee sets, and gets approval from the Board of Directors, the legislative agenda each year for the organization. The ALICE report has been instrumental in helping to provide openings with stakeholders and policymakers to discuss UWCM's work.

United Way Neighborhood Zones

United Way Neighborhood Zone in Brooklyn: In October 2017, UWCM took over the operations of the Ben Center and integrated the strategy/programs into operations. The UW Neighborhood Zone in Brooklyn is operated out of Benjamin Franklin High School in the Brooklyn/Curtis Bay neighborhood of Baltimore City. This unique concept has been designed to create a "hub" within the community that provides a safe, nurturing environment for students and community members to not only seek out a vast array of services, but to be active participants in shaping their community to be what will help them fulfill their hopes and dreams for themselves, their family, and the community.

Neighborhood Zones are focused on multi-generational support in the areas of social, economic, and educational advancement. Neighborhood Zones emerge from listening to what people want and need to succeed – on their terms – and are co-created by those who live and work in the designated geographical area. The team builds on assets to fill in gaps and encourages collaboration and coordination. Programs and initiatives include but are not limited to: housing and employment assistance, dropout prevention, mental health services, access to healthy food, advocacy, community schools/education programming, neighborhood led services and resources and the United Way Family Center, an early learning/teen parent program providing quality childcare and parent support, so they graduate from high school and break the cycle of teen pregnancy.

UWCM now has three such zones, all of which address the unique needs of their respective neighborhoods. The success of these zones led to the creation of the Neighbors United Initiative, a resident led, community building initiative adapted from St. Joseph's Health System in CA.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements

June 30, 2024 and 2023

1. NATURE OF OPERATIONS (continued)

United Way Neighborhood Zones (continued)

Neighbors United coaches residents to identify assets and challenges together and work with allies to improve health, security, and economic well-being of their communities. This approach promotes building power structures that put residents in a position of strength and self-determination. Communities progress through Neighbors United with the guidance of a lead agency that is embedded in the community and supported by United Way of Central Maryland. Neighbors United is currently nested in five communities throughout Central Maryland.

Young Men United is an educational initiative that is also nested within the education strategy of Neighborhood Zones. The initiative focuses on wrapping young men of color with the supports they need to realize the success they see for themselves. YMU partners with several stakeholders to implement the initiative and is currently operating in two Baltimore City Public High Schools.

United for Childcare is a systems focused initiative that aims to improve the professionalism and wage gaps in the field and increase access to quality early care and learning. United Childcare has worked to establish a coalition of stakeholders to improve collaboration, drive and support policy recommendations and pilot innovative early childhood models that will benefit the field widely. The initiative was birthed out of opportunities and challenges experienced with UWCM Family Centers and by listening to early childhood stakeholders and community

Volunteerism: UWCM employs an Associate Vice President of Community Engagement and Volunteerism who is responsible for community engagement and organizing various volunteer projects throughout the year that support local nonprofit organizations and United Way of Central Maryland programs that are working to help people meet their basic needs. Additionally, the volunteer director serves as a liaison between UWCM donors, workplaces, local volunteer centers, the Baltimore Ravens, and other United Ways across Maryland who collaborate with UWCM in conducting statewide Days of Service. Finally, the Associate Vice President of Community Engagement and Volunteerism handles all in kind donations that come to the organization through multiple partners.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

1. NATURE OF OPERATIONS (continued)

100th Anniversary

In 2025, United Way of Central Maryland will commemorate 100 years of service and partnership to the Greater Baltimore region. This \$20 million campaign will support three initiatives: the endowment, equity programs, and an innovation fund. The Endowment ensures stability for our organization and versatility for our programming in the future. Equity is at the heart of all our work, and achieving equity requires Innovative solutions that will improve the quality of life for our neighbors living as ALICE throughout Central Maryland. Taken together, these three initiatives of UWCM's 100th Anniversary campaign will ensure that United Way will always be prepared to act decisively and compassionately to address critical challenges facing our community in our next century of service.

Administration and Support Services

Support services are classified as organizational administration and development. Organizational administration includes governance, overall executive direction, strategic planning and implementation, financial management, technology, risk management, human resources, operations, facilities, and administrative support services. Development and Endowment represent all activities that constitute an appeal for financial support in all private and governmental workplace fundraising including staff support, fundraising supplies, marketing, media advertising, public relations and communications, recruiting and training volunteer solicitors, and mail solicitations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of UWCM are presented on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

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 as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts deposited in financial institutions and highly liquid investments with an original maturity of three months or less. As of June 30, 2024 and 2023, cash equivalents consisted of money market funds.

Credit Risk

UWCM maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. UWCM has not experienced any losses in such cash accounts and management believes it is not exposed to significant risk on cash. UWCM invests board designated assets (functioning as an endowment) in a professionally managed portfolio that contains shares of various, corporate bonds and notes and U.S. government obligations. Such investments are exposed to various risks such as interest rate, market and credit. Due to the levels of risk associated with such investments and uncertainty related to changes in the fair value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Provision for Uncollectible Pledges

The provision for uncollectible pledges is calculated using a three-year historical average of actual results. Management also assesses the need to increase the provision based on current economic uncertainty that would increase the likelihood of uncollectible pledges, such as corporate downsizing, mergers and bankruptcies. The provision for uncollectible pledges is ultimately based on management's estimate of the collectability of existing amounts receivable.

Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

UWCM's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of the valuation techniques used by UWCM.

Level 1: Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported settlement prices. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: Investments in corporate bonds and U.S. treasury securities are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy.

Level 3: Investments are not readily marketable. UWCM has no controls

over or possession of the investments that are held by Baltimore Community Foundation and the charitable trust.

UWCM distributed gains and losses realized from security transactions among all endowment funds and funds functioning as endowments based on the ratio of each fund's net assets to the total net assets. Endowment income restricted to specific purposes is distributed based on each fund's governing documentation.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property and equipment purchases related to federal grant procurements over \$5,000, or non-federal grant procurements over \$1,000, are considered capital assets and recorded at cost. Lesser amounts are expensed. Depreciation of all equipment, furniture and software is provided on a straight-line basis over the estimated useful lives of the assets ranging from two to ten years. Donated equipment and improvements are capitalized at their estimated fair value at the date of donation. Leasehold improvements are depreciated over the life of the lease. Construction in process is not depreciated until the assets are ready for use.

Valuation of Long-Lived Assets

UWCM reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Beneficial Interest in Charitable Trust

Beneficial Interest in Charitable Trust represents the fair value of UWCM's interest as one of six selected charities in the donor's trust account (the Trust). UWCM will receive a share of the net income from the Trust for an initial period of 50 years through December 2053, after which the corpus will be distributed outright and free of trust in equal shares to the six charities. The Trust was created by a donor, independently of UWCM and is neither in the possession nor under the controls of UWCM. The Trust is administered by outside fiscal agents as directed by the donor. UWCM records the fair value of the Trust, using present value calculations, assuming a long-term blended rate of return of 5.70% and 5.86% as of June 30, 2024 and 2023, respectively.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Beneficial Interest in Charitable Trust (continued)

As of June 30, 2024 and 2023, UWCM has estimated its fair value of the Trust based on the discount rate from the IRS Section 7520 table to be used for valuing certain charitable interest in trusts. That rate was 5.61% and 4.20% as of June 30, 2024 and 2023, respectively. The increase in the discount rate is reflective of the current market and economy. The discount rates used coupled with the market performance resulted in an decrease in the fair market value of the Trust by \$506,031 for the year ended June 30, 2024 and an increase in the fair market value of the Trust by \$60,766 for the year ended June 30, 2023. The adjustments in the Trust were recorded in other income resulting and in net assets with donor restrictions in the accompanying financial statements. The value of UWCM's beneficial interest in the Trust as of June 30, 2024 and 2023, were \$2,809,951 and \$3,315,982, respectively.

Right of Use Assets and Lease Liabilities

UWCM records right of use assets related to the facilities where UWCM conducts its operations. UWCM's leases are recorded at the present value of the total remaining lease payments at adoption. The right of use asset was offset by deferred rent liability and tenant improvement allowance of \$894,724 at adoption. The right of use assets are being amortized over the terms of the leases. During the years ended June 30, 2024 and 2023, the amortization expense related to the right of use assets were \$460,521 and \$443,901, respectively, and are recorded in occupancy expense in the accompanying financial statements. As of June 30, 2024 and 2023, the net carrying value of the right of use assets were \$1,943,635 and \$2,404,156, respectively.

The lease liabilities represent the future commitments for UWCM's 2 office leases. The terms of a leases are assessed as the non-cancellable period of the leases, plus any extension options that UWCM is reasonably certain to exercise. The lease liabilities are discounted using UWCM's estimated borrowing rates. Costs related to maintenance and other janitorial services are expensed as incurred.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired. Net assets without donor restrictions consist of the following:

Operating: Represents resources available for support of operations.

Plant: Represents net assets expended for plant.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Board Designated: Represents all other unrestricted resources and are directed by the Board of Directors.

Net assets with donor restrictions are those whose use by the UWCM has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions.

Net assets with donor restrictions also consist of contributions received from donors to be maintained by UWCM in perpetuity.

Campaign Pledges and Contributions

Contributions are recognized when the donor makes a pledge to UWCM that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

Contributions in the form of donated financial assets converted nearly immediately into cash have been classified with all other cash donations in the statements of cash flows.

Grant Revenue

Grant revenue is recognized when expenses are incurred. As the grant revenue is considered conditional, amounts received in advance are considered deferred revenue until expended for the purposes of the grant. For the years ended June 30, 2024 and 2023, UWCM received Federal funding for the Emergency Rental Assistance Program (ERA) that were unspent as of year-end. There was \$2,657,509 and \$1,422,164 of deferred revenue recorded in the accompanying statements of financial position as of June 30, 2024 and 2023, respectively, related to this Federal grant program.

Community Initiatives

Community Initiatives revenue is recognized when the donor makes a pledge to UWCM that is, in substance, unconditional. Revenue that is restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Private Sector Campaigns

UWCM conducts a Private Sector Campaign for Central Maryland. UWCM conducts hundreds of workplace giving campaigns and solicits gifts from individuals outside the workplace in various ways. Most workplace and direct fundraising activities are conducted from September through December; however, due to timing variances of some campaigns and the submission of pledge information, the campaign is not typically finalized until June 30 of the following year. UWCM encourages undesignated gifts, but donors may direct all or part of their contributions to any 501(c)(3) charitable organization in good standing based on UWCM designation guidelines. A processing fee up to 5% is deducted from designations to nonprofit agencies in the Private Sector workplace campaign, with a cost cap of \$500. Any unpaid donor designations are included in designations payable.

Support provided to participating companies and organizations in each of these campaigns includes accounting, gift acknowledgement, fundraising expertise, regulatory compliance, staff training, promotional materials, volunteer activities and events, website maintenance, customer service, agency speakers and tours and all aspects of paper and/or electronic pledge processing support. All campaign pledges and contributions are recognized when the donor makes a pledge that is, in substance, unconditional. If donor restrictions expire in the current fiscal year, the pledge or contribution will be recorded as without donor restrictions. Pledges and contributions that are received for future year campaigns are reported as net assets with donor restrictions until the time restriction expires.

The total results from the annual campaign are reduced by donor designations to specific agencies and a provision for uncollectible pledges in the statements of activities and changes in net assets.

There are instances where UWCM receives checks made payable directly to an agency, as well as a small number of companies who run campaigns with UWCM involvement and support but use a third-party processor to record donor pledges and distribute money collected directly to designated agencies. In these cases, UWCM does not directly receive the money. Because UWCM is providing direct fundraising support to a company, including materials and staff and to allow companies to receive recognition for their total results, UWCM records the total campaign results in pledges and contributions on the accompanying statements of activities and changes in net assets. Amounts paid directly to agencies totaled \$657,321 and \$719,279 for the years ended June 30, 2024 and 2023, respectively and is recorded in donor designations to outside agencies on the accompanying statements of activities and changes in net assets.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Indirect costs include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of UWCM. All direct costs are charged to the specific program or event. Indirect costs are allocated based on estimated full-time equivalents in each area.

Contributed Services and Supplies

A substantial number of volunteers have donated significant amounts of their time in UWCM's fundraising campaign and program services. The accompanying financial statements do not include amounts for contributed services because they do not meet the criteria under generally accepted accounting principles. UWCM pays for substantially all services requiring specific expertise. In-kind revenue recorded in the accompanying statements of activities and changes in net assets represent goods donated to UWCM and distributed to recipients. Goods were valued based on the estimated retail price.

Income Tax Status

UWCM is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, UWCM qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Income, which is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. UWCM had no unrelated business income for the years ended June 30, 2024 and 2023.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. UWCM performed an evaluation of uncertain tax positions as of June 30, 2024 and 2023, and determined that there were no matters that would require recognition in the financial statements or, which may have any effect on its tax-exempt status. As of June 30, 2024, the statute of limitations for fiscal years 2021 through 2024 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which UWCM files tax returns.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity

UWCM receives contributions from donors which may or may not be restricted for specific purposes. Financial assets of UWCM are primarily comprised of cash and cash equivalents, grants and pledges receivable from donors and investments. UWCM structures its financial assets to be available as general expense liabilities and other obligations come due.

To achieve this, UWCM forecasts its future cash flows and monitors its liquidity on a monthly basis. Management and the Board have been monitoring the UWCM's cash balances to ensure that there is at least 3 months of working capital available throughout the year.

The following table summarizes the UWCM's financial assets available as of June 30, 2024 and 2023, that are without donor or other restrictions limiting their use, for grant obligations and general expenditure within one year of the balance sheet date:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Financial Assets: | | |
| Cash and cash equivalents | \$ - | \$ 2,153,751 |
| Pledges receivable, net | 11,148,450 | 11,152,152 |
| Grants receivable, net | 811,319 | 958,492 |
| Investments, at fair value | 33,538,626 | 36,123,444 |
| Beneficial interest in Charitable Trust | 2,809,951 | 3,315,982 |
| Available financial assets | <u>48,308,346</u> | <u>53,703,821</u> |
| Less financial assets unavailable for expenditures due to: | | |
| Contractual or donor-imposed restrictions | | |
| Pledges not expected to be collected within one year | (1,048,252) | (1,410,812) |
| Restricted by donor with time or purpose restrictions | (6,327,298) | (7,057,456) |
| Board designations: | | |
| Impacts grants campaign | (615,754) | (1,021,630) |
| Net available financial assets | <u>\$ 40,317,042</u> | <u>\$ 44,213,923</u> |

Subsequent Events

UWCM evaluated the subsequent events and transactions through November 30, 2024, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

3. PLEDGES RECEIVABLE

As of June 30, 2024 and 2023, the pledges receivable are scheduled to be received as follows:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Less than 1 year | \$ 10,616,957 | \$ 10,325,870 |
| 1 to 5 years | 1,180,000 | 1,625,000 |
| | <u>11,796,957</u> | <u>11,950,870</u> |
| Less: provision for uncollectible pledges | 516,759 | 584,530 |
| Less: discount to present value (6.70% - 2024, 6.40% - 2023) | 131,748 | 214,188 |
| Pledges receivable, net | <u>\$ 11,148,450</u> | <u>\$ 11,152,152</u> |

4. INVESTMENTS

The spending policy governing the investment funds allows UWCM's paid professional investment advisor to develop long-term investment strategies that will produce the cash flow needed to support the mission of the organization within its formal investment policy guidelines. Oversight is provided by the Investment Committee of the Board. This policy limits withdrawals to 5% of the rolling four-year average based on the market value of the fund; however, the Board has the authority to exceed that limitation and must approve all withdrawals.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

4. INVESTMENTS (continued)

The following table summarizes the valuation of UWCM's assets by the fair value hierarchy levels as of June 30, 2024 and 2023:

| | 2024 | | | Total |
|------------------------------|---------------|---------------|--------------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash equivalents: | | | | |
| Money market funds | \$ 1,388,572 | \$ - | \$ - | \$ 1,388,572 |
| Fixed income: | | | | |
| Municipal obligations | - | 810,282 | - | 810,282 |
| U.S. corporate bonds | - | 2,886,121 | - | 2,886,121 |
| U.S. Treasury securities | - | 4,305,394 | - | 4,305,394 |
| U.S. governmental securities | - | 387,773 | - | 387,773 |
| Fixed income funds | - | 3,788,304 | - | 3,788,304 |
| Total fixed income | - | 12,177,874 | - | 12,177,874 |
| Equity funds | 18,665,347 | - | - | 18,665,347 |
| Pooled funds | - | - | 394,304 | 394,304 |
| Investments at fair value | \$ 20,053,919 | \$ 12,177,874 | \$ 394,304 | 32,626,097 |
| Investments at NAV (a) | | | | 912,529 |
| Total Investments | | | | \$ 33,538,626 |
| Charitable Trust | \$ - | \$ - | \$ 2,809,951 | \$ 2,809,951 |
| | | | | |
| | 2023 | | | Total |
| | Level 1 | Level 2 | Level 3 | |
| Cash equivalents: | | | | |
| Money market funds | \$2,063,260 | \$ - | \$ - | \$ 2,063,260 |
| Fixed income: | | | | |
| Municipal obligations | - | 1,493,220 | - | 1,493,220 |
| U.S. corporate bonds | - | 2,564,088 | - | 2,564,088 |
| U.S. Treasury securities | - | 5,598,868 | - | 5,598,868 |
| U.S. governmental securities | - | 1,059,369 | - | 1,059,369 |
| Fixed income funds | - | 3,124,465 | - | 3,124,465 |
| Total fixed income | - | 13,840,010 | - | 13,840,010 |
| Equity funds | 19,011,781 | - | - | 19,011,781 |
| Pooled funds | - | - | 359,104 | 359,104 |
| Investments at fair value | \$ 21,075,041 | \$ 13,840,010 | \$ 359,104 | 35,274,155 |
| Investments at NAV (a) | | | | 849,289 |
| Total Investments | | | | \$ 36,123,444 |
| Charitable Trust | \$ - | \$ - | \$ 3,315,982 | \$ 3,315,982 |

- a. In accordance with Subtopic 820-10 as amended by ASU 2018-13, *Fair Value Measurement (Topic 820): Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, certain investments that were measured at net asset value (NAV) per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

4. INVESTMENTS (continued)

UWCM invests in certain investment vehicles for which the fair value measurement is assessed using net asset value per share, or its equivalents. Information pertaining to these investments is as follows:

| | <u>Fair value as of June 30, 2024</u> | <u>Fair value as of June 30, 2023</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|--------------------|---|---|---------------------------------|---------------------------------|-------------------------------------|
| Global equity fund | \$ 912,529 | \$ 849,289 | \$ - | Semi-annual | 65 Days |

The alternative investments invest in long/short global equities and long/short-fixed income products. The value of the investments has been estimated using the NAV per share of the investments.

The following table presents certain activity for the Level 3 assets for the years ended June 30, 2024:

| | <u>Pooled funds</u> | <u>Charitable Trust</u> | <u>Total</u> |
|---------------|---------------------|-------------------------|--------------|
| Transfers in | \$ - | \$ - | \$ - |
| Transfers out | - | - | - |
| Purchases | - | 486,339 | 486,339 |
| Sales | (18,239) | (746,698) | (764,937) |

To assess the appropriate classification of assets within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of assets from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. UWCM evaluates the significance of transfers between levels based upon the nature of the assets and size of the transfer relative to total net assets.

The components of investment income for the years ended June 30, 2024 and 2023, were as follows:

| | <u>2024</u> | <u>2023</u> |
|---------------------------------|---------------------|---------------------|
| Realized gain, net | \$ 1,001,976 | \$ 158,263 |
| Unrealized gain, net | 1,767,584 | 2,177,424 |
| Interest and dividend income | 758,280 | 571,311 |
| Less: investment advisors' fees | 85,545 | 81,009 |
| | <u>\$ 3,442,295</u> | <u>\$ 2,825,989</u> |

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

5. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment consisted of the following as of June 30, 2024 and 2023:

| Asset Category | 2024 | 2023 |
|---|---------------------|---------------------|
| Audio visual equipment | \$ 83,605 | \$ 83,605 |
| Furniture & fixtures | 830,965 | 826,985 |
| Leasehold improvements | 4,123,000 | 4,123,000 |
| Licenses | 29,460 | 29,460 |
| Personal computers | 118,184 | 112,103 |
| Printing equipment | 10,935 | 10,935 |
| Software programs | 343,882 | 343,883 |
| System computers, servers & heavy duty printers | 145,711 | 145,711 |
| Telecommunication system | 127,908 | 127,908 |
| Vehicles | 117,786 | 118,153 |
| | 5,931,434 | 5,921,743 |
| Less: accumulated depreciation and amortization | 3,020,847 | 2,479,987 |
| Property, Plant, and Equipment, Net | \$ 2,910,587 | \$ 3,441,756 |

Depreciation expense totaled \$545,973 and \$542,054 for the years ended June 30, 2024 and 2023, respectively.

6. NOTES PAYABLE

UWCM has a \$5,000,000 secured note bearing interest at the London Interbank Offered Rate (LIBOR) plus 1.25% (6.74% and 6.43% as of June 30, 2024 and 2023, respectively). The note is collateralized by cash and marketable securities held by UWCM. UWCM can make draws on the note as needed with no expiration date. The outstanding balance on the note payable was \$3,849,790 as of June 30, 2024. There was no outstanding balance on the note as of June 30, 2023. Interest expense was \$2,162 for the year ended June 30, 2024. There was no interest expense for the year ended June 30, 2023. On August 24, 2024, the secured note was increased to \$8,000,000.

7. RETIREMENT BENEFITS

UWCM provides a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code (403(b)), which covers substantially all full-time employees of UWCM. UWCM makes non-elective contributions to the 403(b). These contributions apply to all employees who have completed one year of service, regardless of whether the employee is making voluntary contributions to the 403(b). The 403(b) also provides for UWCM matching 25% of employee's voluntary contributions, up to 6% of their salary. The match begins as soon as the employee begins to contribute to the 403(b).

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

7. RETIREMENT BENEFITS (continued)

Both the non-elective and matching contributions are subject to a vesting period. These contributions are 50% vested after two years of service and 100% vested after four years of service. UWCM's costs under the 403(b) were \$586,101 and \$504,167 for the years ended June 30, 2024 and 2023, respectively.

UWCM's non-elective contribution varies based on length of services as follows:

| Years of Service | <u>Compensation</u> |
|-------------------------|---------------------|
| Less than 5 | 2% |
| 5 but less than 10 | 3% |
| 10 or more | 4% |

Executives and senior staff members of UWCM are also eligible to participate in other retirement plans and may elect to contribute a portion of their compensation on a tax-deferred basis. There is a liability of \$705,420 and \$547,743, recorded as of June 30, 2024 and 2023, respectively, related to these plans. UWCM has \$705,420 and \$547,743, on deposit with a trustee as of June 30, 2024 and 2023, respectively, for future settlement of these obligations. The liability amounts are included in retirement benefits payable in the accompanying statements of financial position and the related assets are included in prepaid expenses and other assets in the accompanying statements of financial position.

8. LEASE LIABILITIES

As of June 30, 2024, UWCM has long-term operating leases for office space at two locations in Maryland. The main office lease is a ten-year lease that began on March 1, 2017, and rent payments began September 1, 2017. Base annual rent was initially set at \$36,784 per month which increases at certain intervals during the lease. Total base rent payable over the lease period is approximately \$5,649,000. UWCM also has a ten-year lease for its Howard County Family Center located in Maryland which began in January 2022. Base annual rent was initially set at \$6,613 per month which increases at certain intervals during the lease.

UNITED WAY OF CENTRAL MARYLAND, INC.

**Notes to the Financial Statements
June 30, 2024 and 2023**

8. LEASE LIABILITIES (continued)

The minimum future rental payments required under the leases having terms in excess of one year as of June 30, 2024 are as follows:

| <u>Years Ending June 30:</u> | <u>Amount</u> |
|------------------------------------|----------------------------|
| 2025 | \$ 709,880 |
| 2026 | 737,019 |
| 2027 | 765,202 |
| 2028 | 204,261 |
| 2029 | 93,014 |
| Thereafter | <u>242,568</u> |
| Total | 2,751,944 |
| Less amounts representing interest | <u>167,125</u> |
| Total | <u>\$ 2,584,819</u> |

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, are restricted to:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------------|----------------------------|
| Time or Purpose Restrictions | | |
| Future year gifts, committed for subsequent year allocation to agencies | \$ 868,045 | \$ 987,810 |
| Restricted for other programs | 13,839 | 233,768 |
| Gifts of life insurance | 84,465 | 86,909 |
| Roy Sachs fund | 133,990 | 124,442 |
| Nachlas endowment restricted to inner city youth programs | 1,326,487 | 1,283,815 |
| Contino | 17,500 | 10,558 |
| Accumulated earnings on donor-restricted endowments | 339,566 | 280,728 |
| Langenfelder charitable trust | <u>2,142,850</u> | <u>2,393,522</u> |
| Total Time or Purpose Restrictions | <u>4,926,742</u> | <u>5,401,552</u> |
| Held in Perpetuity | | |
| Contino | 100,000 | 100,000 |
| Charles Bagby | 474,768 | 474,768 |
| Leonard Eisenberg | 158,676 | 158,676 |
| Langenfelder charitable trust | <u>667,112</u> | <u>922,460</u> |
| Total Net Assets Held in Perpetuity | <u>1,400,556</u> | <u>1,655,904</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 6,327,298</u> | <u>\$ 7,057,456</u> |

Net assets with donor restrictions to be held in perpetuity were \$1,400,556 and \$1,655,904 as of June 30, 2024 and 2023, respectively. The income from these assets is expendable to support all activities of UWCM and included in accumulated earnings above.

UNITED WAY OF CENTRAL MARYLAND, INC.

**Notes to the Financial Statements
June 30, 2024 and 2023**

9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Interpretation of Relevant Law

The provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) were enacted into law in Maryland effective April 14, 2009. UWCM has added the required disclosures which is a requirement for any organization with endowment funds.

UWCM has interpreted the State of Maryland's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, UWCM classifies net assets with donor restrictions in perpetuity as (a) the original value of gifts to the permanent endowment, and (b) the original value of the subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions unavailable for appropriation, until those amounts are appropriated for expenditure by UWCM in a manner consistent with the standard of prudence prescribed by UPMIFA.

Interpretation of Relevant Law (continued)

In accordance with UPMIFA, UWCM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund;
- b. The purposes of UWCM and the donor-restricted endowment fund;
- c. General economic conditions;
- d. The possible effects of inflation and deflation;
- e. The expected total return from income and the appreciation or depreciation of investments;
- f. Other resources of UWCM; and
- g. The investment policies of UWCM.

Endowment fund composition by type as of June 30:

| | 2024 | | | |
|----------------------------------|--|---|---|--------------|
| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions (For Appropriation) | Net Assets With Donor Restrictions (in Perpetuity) | Total |
| Donor-restricted endowment funds | \$ - | \$ 339,566 | \$ 1,400,556 | \$ 1,740,122 |
| | | | | |
| | 2023 | | | |
| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions (For Appropriation) | Net Assets With Donor Restrictions (in Perpetuity) | Total |
| Donor-restricted endowment funds | \$ - | \$ 280,728 | \$ 1,655,904 | \$ 1,936,632 |

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements June 30, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Changes in endowment net assets for the years ended June 30, 2024 and 2023:

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions (For Appropriation) | Net Assets With Donor Restrictions (in Perpetuity) | Total |
|--|---|--|--|---------------------|
| Endowment funds July 1, 2022 | \$ - | \$ 230,216 | \$ 1,626,565 | \$ 1,856,781 |
| Investment income | - | 50,512 | - | 50,512 |
| Change in fair value of charitable trust | - | - | 29,339 | 29,339 |
| Endowment funds June 30, 2023 | - | 280,728 | 1,655,904 | 1,936,632 |
| Investment income | - | 58,838 | - | 58,838 |
| Change in fair value of charitable trust | - | - | (255,348) | (255,348) |
| Endowment funds June 30, 2024 | \$ - | \$ 339,566 | \$ 1,400,556 | \$ 1,740,122 |

Return Objectives and Risk Parameters

UWCM has established investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for use by UWCM while seeking to preserve the value of endowment assets. Endowment assets include those donor-restricted funds that UWCM must hold in perpetuity or for a donor-specified period, as well as unrestricted assets. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner intended to earn sufficient income from assets each year (interest, dividends and other current income).

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective, UWCM uses a third-party manager whose investment style maximizes the advantages of diversification and minimizes risk consistent with the stated objectives. UWCM targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Endowment Withdrawals and How the Investment Objectives Relate to the Endowment Spending Policy

UWCM has a board-approved endowment spending policy that limits withdrawals to no more than 5% of the rolling four-year average assets. The Board has the authority to exceed that limitation. Both current income and appreciation can be used with the intent that original endowment funds are preserved. This is consistent with UWCM's objective to maintain and grow endowment assets currently held as well as to provide additional real growth through new gifts and investment return. The Board must approve all recommended withdrawals.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements

June 30, 2024 and 2023

10. COMMITMENTS AND CONTINGENCIES

Long-Term Commitments

UWCM has entered into contracts with certain contractual affiliates to provide allocations from 2017 through current and future campaigns. The maximum amount to be paid by UWCM in future years is \$615,754.

11. UNITED WAY WORLDWIDE, INC.

United Way Worldwide, Inc. (UWW) is a national trade association and owner of the United Way name and brand mark. In order for UWCM to use the name and brand mark, it is required to make a membership investment in UWW. This expense totaled \$521,925 and \$581,089, for the years ended June 30, 2024 and 2023, respectively. In addition to the use of the name and brand mark, UWCM receives many other benefits from UWW. Through its association, it has easy access to UWW's knowledge and support on marketing, program outcomes, community impact, fundraising, national trends, campaign materials and a wide array of other tools and topics. UWW also represents all United Way organizations on important legislation or issues presented to Congress.

In an effort to increase accountability and transparency, UWW has developed standards for excellence. Each year, UWCM must submit a report on its compliance with each of the standards. UWCM has committed to comply with all UWW membership standards.

12. GRANT ACTIVITY INFORMATION

2-1-1 Maryland UWCM Helpline received grants from corporate, foundation, nonprofit, government, and individual funders for staffing and communication system support; from CASH Campaign of Maryland to continue to enhance UWCM's efforts to increase awareness of the Earned Income Tax Credit and set appointments for free tax preparation at local sites through several community partners; from Bank of America and CareFirst to connect community members to vital resources related to social determinants of health; from United Way Worldwide, MileOne, and CareFirst to partner with Lyft to provide transportation to callers in need; from Office of Home Energy Assistance to help medically vulnerable people apply for utility assistance through the Critical Medical Needs Program; from the Bert Foundation to provide emergency funding to callers in critical need; and from Maryland Department of Health (MDH) and the Behavioral Health Administration (BHA) through the statewide 211 system.

UNITED WAY OF CENTRAL MARYLAND, INC.

Notes to the Financial Statements

June 30, 2024 and 2023

12. GRANT ACTIVITY INFORMATION (continued)

Health programs have primarily focused on our covid response and recovery work. UWCM partnered with the Baltimore City Health Department to promote COVID vaccine education and health literacy in Brooklyn/Curtis Bay, one of the communities in Baltimore City most impacted by COVID and with one of the lowest vaccination rates. As part of that work, we partnered with Healthy Little Cooks to provide cooking and nutrition education focused on boosting one's immune system. We continue to support sustainable access to healthy food and to shore up the supply chain for underserved communities. We are partnering with First Fruits Farm which donates its produce to local food pantries.

Family stability was created by UWCM with the help of a multi-year grant that renewed for a tenth term from The Siemer Family Foundation to target family stability, issues concerning student mobility, and homelessness prevention. The initiative includes flexible financial assistance to address root causes of housing instability, including eviction prevention and utility assistance, as well as case management services to help families regain self-sufficiency. The prevention program is one-of-a-kind in central Maryland and targets families with school-age children who are at risk of homelessness. Case management includes financial education that builds financial security through asset building, budgeting, and financial literacy. The program is currently located in 8 sites across Central Maryland.

An Education Strategy named On Track 4 Success (OT4S), was launched in fiscal year 2017. OT4S is an innovative data-driven approach that is working to ensure underserved students have the resources they need to get and stay on-track for school success through the crucial middle school years and into the transitional 9th grade year. Supported by Johns Hopkins University's School of Education (JHU) and based on their early warning high school dropout prevention model, OT4S utilizes student data to examine proven predictors of dropping out: poor attendance, behavior and course performance (ABC's). When a student falls behind in any of these areas, a cross-disciplinary team of school staff, including a United Way OT4S Manager, meet to discuss the student's unique situation and determine appropriate interventions. In FY 2023 UWCM partnered with Baltimore City Public Schools and implemented the program in five schools (Bay Brook Elementary/Middle school, grades 6-8, Curtis Bay Elementary School, grades 4-5, Lakeland Elementary/Middle Schools, grade 3 and Maree G. Farring Elementary/Middle School, grades 4-8).

UNITED WAY OF CENTRAL MARYLAND, INC.

**Notes to the Financial Statements
June 30, 2024 and 2023**

12. GRANT ACTIVITY INFORMATION (continued)

ALICE project is a grassroots movement committed to improving the lives of asset-limited, income-constrained, employed (**ALICE**) individuals and families. Grants from a collaborative of other local United Ways along with support from the Maryland Research Advisory Council, have allowed UWCM to initiate this project, which provides a report with a framework and common language around issues facing the **ALICE** population in the state of Maryland. Data from the report will allow UWCM to identify advocacy priorities and implement needed programmatic services for the **ALICE** population. This report was originally published in January 2017, with updates occurring every 2 years, and has provided a mechanism for educating legislators and other stakeholders on the need in Maryland. The project is supported, in part, by Kaiser Permanente and a host of other local and state sponsor