

UNITED WAY OF RHODE ISLAND, INC.

Financial Statements

Years Ended June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)



UNITED WAY OF RHODE ISLAND, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Rhode Island, Inc.:

Opinion

We have audited the accompanying financial statements of United Way of Rhode Island, Inc. (a not-for-profit organization) (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Rhode Island, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Kahn, Litwin, Renya & Co, Ltd.

November 24, 2025

UNITED WAY OF RHODE ISLAND, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024



	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 5,747,110	\$ 9,830,532
Pledges receivable, net	1,280,143	1,140,364
Contributions and grants receivable	2,672,890	897,153
Prepaid expenses and other assets	202,130	255,158
Total current assets	9,902,273	12,123,207
 Pledges Receivable, less current portion	 45,500	 54,250
Property and Equipment, net	3,824,058	2,846,140
Investments	8,229,515	8,993,701
Investments Held by Others	981,854	968,116
Beneficial Interest in Perpetual Trusts	7,126,951	6,854,470
 Total Assets	 \$ 30,110,151	 \$ 31,839,884
 Liabilities and Net Assets		
Current Liabilities:		
Campaign designations payable	\$ 675,307	\$ 623,058
Grants and accounts payable and accrued expenses	2,269,959	2,890,972
Deferred revenue	2,183,598	4,296,069
Note payable, current portion	50,220	48,230
Total current liabilities	5,179,084	7,858,329
 Note Payable, less current portion	 1,651,496	 1,700,312
Total liabilities	6,830,580	9,558,641
 Net Assets:		
Without donor restrictions:		
Available for grants, programs and operations	8,991,830	9,892,393
Invested in property and equipment, net	2,122,342	1,097,598
Board designated	4,338,350	4,000,242
Total net assets without donor restrictions	15,452,522	14,990,233
With donor restrictions	7,827,049	7,291,010
Total net assets	23,279,571	22,281,243
 Total Liabilities and Net Assets	 \$ 30,110,151	 \$ 31,839,884

See accompanying notes to the financial statements and independent auditors' report.

UNITED WAY OF RHODE ISLAND, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024



	2025	2024
Change in Net Assets without Donor Restrictions:		
Support and revenue:		
Campaign revenue:		
Campaign pledges generated	\$ 10,203,636	\$ 10,734,616
Less provision for uncollectible pledges	(210,150)	(189,887)
Less amounts designated by donors	(5,577,917)	(5,034,770)
Campaign revenue, net	4,415,569	5,509,959
Contribution income from the Rhode Island Foundation	4,119,372	3,953,441
Grant income	9,162,693	6,985,910
Contributed nonfinancial assets	19,580	81,480
Other income	532,625	569,103
Investment return, net	1,548,844	1,798,783
Net assets released from restrictions	1,647,017	963,502
Total support and revenue	21,445,700	19,862,178
Expenses:		
Program services	17,419,330	17,417,815
General and administrative	1,584,028	1,625,538
Fundraising	1,980,053	1,524,136
Total expenses	20,983,411	20,567,489
Change in net assets without donor restrictions	462,289	(705,311)
Change in Net Assets with Donor Restrictions:		
Campaign and contribution income	1,910,575	883,465
Change in fair value of beneficial interest in perpetual trusts	272,481	466,082
Net assets released from restrictions	(1,647,017)	(963,502)
Change in net assets with donor restrictions	536,039	386,045
Change in Net Assets	998,328	(319,266)
Net Assets, beginning of year	22,281,243	22,600,509
Net Assets, end of year	\$ 23,279,571	\$ 22,281,243

UNITED WAY OF RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Program grants and awards	\$ 7,613,797	\$ -	\$ -	\$ 7,613,797
Personnel and related:				
Salaries	6,078,234	713,913	992,283	7,784,430
Payroll taxes	399,979	108,830	75,817	584,626
Employee benefits	826,795	273,767	95,067	1,195,629
Total personnel and related	<u>7,305,008</u>	<u>1,096,510</u>	<u>1,163,167</u>	<u>9,564,685</u>
Other expenses:				
Advertising	295,297	1,602	65,783	362,682
Depreciation	129,379	28,400	-	157,779
Equipment - repairs and rental	29,796	60,191	345	90,332
Meetings, events and travel	324,592	62,767	292,359	679,718
Miscellaneous	21,021	74,009	1,476	96,506
Occupancy	213,025	17,819	12,707	243,551
Office supplies and other expenses	253,865	10,252	28,351	292,468
Postage and shipping	15,048	23,381	6,078	44,507
Professional fees and contractual services	880,722	172,675	384,605	1,438,002
Telephone and internet	192,338	5,156	790	198,284
United Way Worldwide Dues	145,442	31,266	24,392	201,100
Total other expenses	<u>2,500,525</u>	<u>487,518</u>	<u>816,886</u>	<u>3,804,929</u>
Total expenses	<u>\$ 17,419,330</u>	<u>\$ 1,584,028</u>	<u>\$ 1,980,053</u>	<u>\$ 20,983,411</u>

See accompanying notes to the financial statements and independent auditors' report.

UNITED WAY OF RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Program grants and awards	\$ 8,421,735	\$ -	\$ -	\$ 8,421,735
Personnel and related:				
Salaries	5,392,536	732,588	593,894	6,719,018
Payroll taxes	319,961	97,295	40,790	458,046
Employee benefits	647,741	301,722	50,560	1,000,023
Total personnel and related	6,360,238	1,131,605	685,244	8,177,087
Other expenses:				
Advertising	284,391	2,062	129,383	415,836
Depreciation	127,895	28,681	-	156,576
Equipment - repairs and rental	43,846	45,353	265	89,464
Meetings, events and travel	320,756	59,851	221,459	602,066
Miscellaneous	27,527	77,939	429	105,895
Occupancy	202,951	18,853	7,483	229,287
Office supplies and other expenses	411,077	69,797	22,103	502,977
Postage and shipping	11,059	19,629	3,066	33,754
Professional fees - grants	99,172	-	-	99,172
Professional fees and contractual services	839,071	138,407	444,882	1,422,360
Telephone and internet	167,910	7,370	-	175,280
United Way Worldwide Dues	100,187	25,991	9,822	136,000
Total other expenses	2,635,842	493,933	838,892	3,968,667
Total expenses	\$ 17,417,815	\$ 1,625,538	\$ 1,524,136	\$ 20,567,489

See accompanying notes to the financial statements and independent auditors' report.

UNITED WAY OF RHODE ISLAND, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024



	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 998,328	\$ (319,266)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Provision for uncollectible receivables	210,150	189,887
Depreciation expense	157,779	156,576
Beneficial interest in perpetual trusts net change	(272,481)	(466,082)
Net gain on investments	(412,284)	(1,094,933)
Net gain on investments held by others	(13,738)	(54,853)
Changes in operating assets and liabilities:		
Pledges receivable, net	(341,179)	180,807
Contributions and grants receivable	(1,775,737)	(11,140)
Prepaid expenses and other assets	53,028	(86,734)
Campaign designations payable	52,249	(680,869)
Grants and accounts payable and accrued expenses	(891,867)	1,226,005
Deferred revenue	(2,112,471)	3,338,171
Net cash provided (used) by operating activities	<u>(4,348,223)</u>	<u>2,377,569</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(864,843)	(319,168)
Proceeds from sale of investments	2,894,129	1,243,036
Purchase of investments	(1,717,659)	(1,765,981)
Net cash provided (used) by investing activities	<u>311,627</u>	<u>(842,113)</u>
Cash Flows from Financing Activities:		
Payments on note payable	(46,826)	(44,756)
Net cash used by financing activities	<u>(46,826)</u>	<u>(44,756)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,083,422)	1,490,700
Cash and Cash Equivalents, beginning of year	<u>9,830,532</u>	<u>8,339,832</u>
Cash and Cash Equivalents, end of year	<u>\$ 5,747,110</u>	<u>\$ 9,830,532</u>
Supplemental Data:		
Cash paid for interest	\$ 70,930	\$ 72,999
Non-cash purchases of property and equipment included in accounts payable	<u>\$ 270,854</u>	<u>\$ -</u>

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



1. Nature of Operations

United Way of Rhode Island, Inc. (the Organization) is a statewide not-for-profit organization committed to a Rhode Island where every individual in each community has the opportunity they need to achieve justice and prosperity. The Organization works with partners in the nonprofit, corporate, and government sectors to create and invest in programs that provide results over the short term and provide potential long-term results.

In January 2021, the Organization released *Live United 2025*, its strategic plan focused on uniting the community and resources to build justice and opportunity for all Rhode Islanders. The strategic plan directs its work to address the following themes:

- Strengthen educational opportunities for children and adults.
- Alter policies that perpetuate injustice for people who are historically underserved.
- Promote resiliency and funding for the nonprofit community.
- Make housing safe and affordable for all.
- Make it easier for Rhode Islanders to access the services they need.

To that end, the Organization uses its campaign revenue for initiatives such as the following:

- Help Rhode Islanders gain access to affordable housing, food, and healthcare services through 211, the community service call line that is available 24 hours a day, 365 days a year and in 200 different languages.
- Support Rhode Island youth in early and out of school time learning programs. This includes the Organization funding and supporting the Summer Learning Initiative, which works with students in five communities throughout the state.
- Support working-age Rhode Islanders with education and training opportunities, as well as financial stability classes and one-on-one financial coaching.
- Help Rhode Islanders prepare their income taxes for free through Volunteer Income Tax Assistance (VITA) program.
- Manage the statewide volunteer center and coordinate its volunteers and thousands of hours of community service.

The Organization is powered by thousands of donors and hundreds of companies, and works in partnership with the entire nonprofit community. Working together, the Organization is building hope in a Rhode Island where everyone can live, learn, and thrive.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Organization considers all cash balances and highly liquid investments with original maturities of three months or less to be cash and cash equivalents, except those funds which the Board has designated for investment.

Pledges Receivable

The Organization conducts annual fundraising campaigns. Pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at their net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. If material, receivables with amounts due beyond one year are discounted to their net present value using the interest rate for treasury bills with a remaining term equal to future receipts.

The Organization records an allowance for uncollectible pledges based on historical campaign pledge loss experience, adjusted for current economic conditions. In addition, such allowance is based on an analysis of overall campaign pledges, including corporate gifts, individual gifts, and employee workplace campaigns. The allowance for uncollectible pledges was \$600,000 at June 30, 2025 and 2024.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



Contributions and Grants Receivable

Contributions that are not from the annual fundraising campaign, including unconditional promises to give, are recognized in the period the contribution or promise is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met. If material, receivables with amounts due beyond one year are discounted to their net present value using the interest rate for treasury bills with a remaining term equal to future receipts. At June 30, 2025 and 2024, all contributions and grants receivable were due within one year.

When considered necessary, an allowance is recorded based on management's estimate of collectability, including such factors as prior collection history, type of contribution, and the nature of the fundraising activity. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for uncollectible contributions and grants. At June 30, 2025 and 2024, the Organization had no allowance for uncollectible contributions and grants.

Property and Equipment

All expenditures for property and equipment in excess of \$2,500 are capitalized at cost; the fair value of donated assets is similarly recorded. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from three to forty years.

Investments, Investments Held by Others and Beneficial Interest in Perpetual Trusts and Fair Value Measurements

The Organization reports its investments, investments held by others and beneficial interest in perpetual trusts at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization reports investments, investments held by others and beneficial interest in perpetual trusts at fair value on a recurring basis. These investments are classified as level 1 and 3 within the fair value hierarchy.

Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date. In the absence of recorded sales, level 1 investments are valued at the last quoted bid price reported as of the financial statement reporting date.

Level 3 investment values are provided by the trustee, who develops their valuations using the third-party monthly investment broker's statements. Due to the inaccessibility of these broker statements, as well as the Organization's lack of control over the investing activities, the funds held in the trust are considered unobservable market inputs in accordance with authoritative guidance.

Investments held by the Rhode Island Foundation are measured at net asset value (NAV) as a practical expedient to approximate fair value.

Realized and unrealized gains and losses are included in net investment return in the statement of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends and interest are recorded as received, which does not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date.

Deferred Revenue

Advanced grant funds are recorded in the accounting records by the Organization as deferred revenue until such time as the Organization incurs expenditures related to the specific requirements of the grant for which the funds have been received.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



Support and Revenue Recognition

Campaign Revenue, Grant and Contribution Income - The Organization recognizes contributions in the fiscal year in which the contribution is made. Contributions are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. However, it is also the policy of the Organization to show net assets with donor restrictions that are both received and fully expended in the same fiscal year directly in net assets without donor restrictions.

The Organization recognizes cost-reimbursement grant income as grant expenditures are incurred. The Organization recognizes other grant income when contractual obligations have been met. Amounts received before the related expenditures are incurred or the contractual obligations are met are recorded as deferred revenue.

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

Income Taxes

The Organization is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization operates in a manner consistent with its tax-exempt status at both the state and federal levels.

The Organization annually files IRS Form 990 - *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for a period of three years after they were filed. The Organization currently has no tax examinations in progress.

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization's operating costs have been allocated between program expenses, management and general, and fundraising based on direct identification when possible, and allocation if an expenditure benefits more than one program or function. Expenditures that require allocation include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, benefits, professional fees and contractual services, supplies, telephone, and interest, which are allocated on the basis of estimates of time and effort.

Advertising

Advertising and promotional expenditures are expensed as incurred.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



Estimates and Assumptions

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. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through November 24, 2025, which is the date these financial statements were available to be issued.

3. Liquidity and Availability

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 at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Current financial assets:		
Cash and cash equivalents	\$ 5,747,110	\$ 9,830,532
Pledges receivable, net	1,280,143	1,140,364
Contributions and grants receivable	<u>2,672,890</u>	<u>897,153</u>
Current financial assets, end of year	<u>9,700,143</u>	<u>11,868,049</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 9,700,143</u></u>	<u><u>\$ 11,868,049</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the Organization has a revolving line of credit with a local bank for \$3,000,000 (Note 7). In addition, the Board, at its discretion, could expend from its board-designated funds of \$4,338,350 and \$4,000,242 at June 30, 2025 and 2024, respectively, (Note 9), other than amounts appropriated for general expenditure, in the event of an emergency.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



4. Pledges Receivable

Pledges receivable consist of promises to give from contributors to support the Organization's charitable mission. The promised contributions are due as follows:

	<u>2025</u>	<u>2024</u>
Within one year, net of allowance of \$600,000	\$ 1,280,143	\$ 1,140,364
One to two years	22,500	16,375
Two to three years	13,500	16,375
Three to four years	8,500	14,500
Four to five years	1,000	7,000
Total pledges receivable	<u>1,325,643</u>	<u>1,194,614</u>
Less current portion, net	<u>1,280,143</u>	<u>1,140,364</u>
 Pledges receivable, less current portion	 <u><u>\$ 45,500</u></u>	 <u><u>\$ 54,250</u></u>

5. Property and Equipment

Property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 488,000	\$ 488,000
Buildings and improvements	3,147,818	3,078,642
Equipment and software	1,311,623	1,277,873
Motor vehicles	287,505	287,505
Construction in progress	1,322,631	289,860
	<u>6,557,577</u>	<u>5,421,880</u>
Less accumulated depreciation	<u>2,733,519</u>	<u>2,575,740</u>
 Total property and equipment, net	 <u><u>\$ 3,824,058</u></u>	 <u><u>\$ 2,846,140</u></u>

Construction in progress represents repair work associated with the river wall and the building envelope projects. The Organization has a signed grant agreement from the U.S. Department of Agriculture, passed through the City of Providence, for approximately \$1,068,000 of funding and non-federal matching funds of \$112,000 for the river wall project. As of June 30, 2025, the remaining cost to complete the river wall project was approximately \$400,000. The river wall project was completed in September 2025. The building envelope project has been paused while the Organization does its due diligence.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024



6. Investments

Investments, investments held by others and beneficial interest in perpetual trusts are presented in the financial statements at their aggregate fair value and consist of the following:

	June 30, 2025		
	Level 1	Level 3	NAV(a)
Money market mutual funds	\$ 357,079	\$ -	\$ -
Fixed income securities	292,197	-	-
Equity securities	3,110,400	-	-
Mutual funds	4,469,839	-	-
Investments held by others	-	-	981,854
Beneficial interest in perpetual trusts	-	7,126,951	-
Total investments	<u>\$ 8,229,515</u>	<u>\$ 7,126,951</u>	<u>\$ 981,854</u>

	June 30, 2024		
	Level 1	Level 3	NAV(a)
Money market mutual funds	\$ 1,104,754	\$ -	\$ -
Fixed income securities	479,650	-	-
Equity securities	3,350,553	-	-
Mutual funds	4,058,744	-	-
Investments held by others	-	-	968,116
Beneficial interest in perpetual trusts	-	6,854,470	-
Total investments	<u>\$ 8,993,701</u>	<u>\$ 6,854,470</u>	<u>\$ 968,116</u>

(a) In accordance with Subtopic 820-10, certain financial instruments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position and notes to the financial statements.

The Organization values its beneficial interest in perpetual trusts at fair value based on the information provided by the financial institutions.

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A reconciliation of investments measured at fair value using significant unobservable inputs (level 3) is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 6,854,470	\$ 6,388,388
Change in fair value	<u>272,481</u>	<u>466,082</u>
Ending balance	<u><u>\$ 7,126,951</u></u>	<u><u>\$ 6,854,470</u></u>

Investments Held by Others

In April 2007, the Organization established the United Way of Rhode Island Fund (the Fund) at the Rhode Island Foundation and agreed that the Organization would receive annual distributions determined by the Rhode Island Foundation's spending rule in effect at the time of distribution. At June 30, 2025 and 2024, the spending rate was 4.5% of the Fund's balance, averaged over the previous 16 quarters (or over the total number of quarters in existence, if less than 16). For the years ended June 30, 2025 and 2024, the Fund's balance, reported as investments held by others in the accompanying statements of financial position, totaled \$981,854 and \$968,116, respectively.

Beneficial Interest in Perpetual Trusts

The Organization holds a beneficial interest in perpetual trusts. Under the terms of the trust agreements, the Organization has the irrevocable right to receive the income earned by these trusts. In accordance with the donors' wishes, the distributions received by the Organization from these trusts are available for current operations. During the years ended June 30, 2025 and 2024, the Organization received a distribution of trust income in the amount of \$442,945 and \$246,874, respectively, which is included in investment return, net in the accompanying statements of activities.

7. Revolving Line of Credit

The Organization has a revolving line of credit agreement (line of credit) with a bank, as amended during the year ended June 30, 2024, that provides for maximum available borrowings of \$3,000,000. The line of credit is due on demand with interest payable at the prime rate (7.50% and 8.50% at June 30, 2025 and 2024, respectively) less 1.25%. The line is secured by all business assets, excluding real estate. No amount was outstanding under the line of credit at June 30, 2025 and 2024.

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In connection with the line of credit, the Organization was subject to a restrictive covenant that requires a minimum level of income from The Rhode Island Charities Trust via the Rhode Island Foundation. See Note 10.

8. Note Payable

The Organization has a note payable to a local bank which requires monthly payments of \$9,831, with an interest rate of 4.05% through December 2031, at which time all outstanding principal and interest is due. The note payable is collateralized by land, building and improvements.

The scheduled maturities of the note as of June 30, 2025 are as follows:

Year Ending

June 30, 2026	\$ 50,220
June 30, 2027	52,292
June 30, 2028	54,450
June 30, 2029	56,696
June 30, 2030	59,036
Thereafter	<u>1,429,022</u>
Total	1,701,716
Less current portion	<u>50,220</u>
 Note payable, noncurrent	 <u><u>\$ 1,651,496</u></u>

The Organization is required to maintain certain financial covenants that are more fully described in the loan agreement. At June 30, 2025 and 2024, the Organization was in compliance with the financial covenants.

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9. Net Assets

Net assets consisted of the following at June 30:

	2025	2024
Net Assets without Donor Restrictions		
Available for grants, programs, and operations	\$ 8,991,830	\$ 9,892,393
Invested in property and equipment, net	2,122,342	1,097,598
Board-Designated:		
United is the Way	333,800	-
Clay mine reserve	797,396	797,396
Community investment grants	-	64,341
Endowment (Note 11)	981,854	968,116
MyFund	2,225,300	2,170,389
Total board-designated	4,338,350	4,000,242
Total net assets without donor restrictions	15,452,522	14,990,233
Net Assets with Donor Restrictions		
Subject to expenditure due to time	40,000	25,000
Subject to expenditure for specific purpose:		
Alliance for Nonprofit Impact	325,571	46,529
RI Good Neighbor Energy Program	299,527	142,059
United Way 211 in RI	-	150,753
Medicaid and Medicare enrollment	35,000	72,199
	700,098	436,540
Subject to Restriction in Perpetuity:		
Beneficial interest in perpetual trusts (Note 6)	7,126,951	6,854,470
Total net assets with donor restrictions	7,827,049	7,291,010
Total net assets	\$ 23,279,571	\$ 22,281,243

10. Contribution Income from the Rhode Island Foundation

During the years ended June 30, 2025 and 2024, the Organization received contributions from the Rhode Island Foundation of approximately \$4,119,400 and \$3,953,400, respectively. The contributions were made at the discretion of the Rhode Island Foundation and were funded through the two sources described below.

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The Rhode Island Foundation controls a community fund, The Rhode Island Charities Trust (the Trust), which had an investment balance of approximately \$99,300,000 and \$93,800,000 as of June 30, 2025 and 2024, respectively. The Trust is held and controlled by the Rhode Island Foundation and not reflected on the financial statements of the Organization given that variance power was granted to the Rhode Island Foundation. Distributions from the Trust are subject to the Rhode Island Foundation's spending policy as determined by the Rhode Island Foundation's Board of Directors. At its discretion, the Rhode Island Foundation uses its income from this Trust to fund its contributions to the Organization, which were approximately \$4,065,300 and \$3,887,800 for the years ended June 30, 2025 and 2024, respectively.

In addition, the Rhode Island Foundation has contributed, at its discretion, its royalty income earned on the Rhode Island Foundation's ownership rights in several properties located in Georgia from which clay called "kaolin" is mined (clay mine). The clay is mined by a certain company, which pays royalty income to the Rhode Island Foundation for the clay it has mined. Clay mine revenue is dependent on weather conditions, customer demand and mining production. For the years ended June 30, 2025 and 2024, the Organization received approximately \$54,000 and \$65,600, respectively, in contributions from the Rhode Island Foundation that were funded using the royalties generated by the clay mine.

11. Endowment

The Organization's endowment includes endowment funds designated by the Board to provide income for the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Board-designated Endowment.

The Board designated certain net assets without donor restrictions as funds functioning as endowment to support the mission of the Organization. Since the funds resulted from an internal designation and are not donor-restricted, they are classified and reported within net assets without donor restrictions.

Interpretation of Relevant Law

The Rhode Island Uniform Prudent Management of Institutional Funds Act (RIUPMIFA) requires 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, the Organization classifies as net assets with donor restrictions (a) the original value of the gift donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor's gift instrument. The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by RIUPMIFA.

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In accordance with RIUPMIFA, the Organization considers the long-term and short-term needs of the Organization in carrying out its mission, the Organization's present and anticipated financial requirements, expected total returns on the Organization's investments, and general economic conditions in making a determination to appropriate or accumulate donor- restricted endowment funds.

Changes in the Board Designated Endowment Net Assets were as follows:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$ 968,116	\$ 913,263
Endowment return, net	94,733	92,921
Amounts appropriated for expenditure	<u>(80,995)</u>	<u>(38,068)</u>
Endowment net assets, end of year	<u>\$ 981,854</u>	<u>\$ 968,116</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or RIUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2025 and 2024.

Return Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results over time, to provide an average annual rate of return that is in the top twenty percent as compared to the annual rate of return of other institutional endowments.

Spending Policy and How Investment Objectives Relate to Spending Policy

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places emphasis on investments in equities, bonds and absolute return strategies in a ratio to achieve its long-term return objectives within prudent risk constraints.

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12. Commitments

Retirement Plan

The Organization has a 403(b) defined contribution retirement plan (Plan) which covers all employees who are scheduled to work at least 1,000 hours per year. Matching contributions under the Plan range from 3% to 6% of an employee's salary, depending on years of service. Retirement plan expense for the years ended June 30, 2025 and 2024 was approximately \$87,600 and \$99,500, respectively, and is included in employee benefits in the statements of functional expenses.

Operating Lease Agreements

The Organization leased certain office equipment under operating lease agreements, expiring at various dates through June 2024. For the year ended June 30, 2024, rent expense under all operating leases was approximately \$19,000. Since the lease payments are not considered material, authoritative guidance relating to lease accounting has not been applied.

13. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, pledges receivable and investments.

The Organization maintains its operating accounts in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2025 and 2024, the uninsured portion of this balance was \$1,323,189 and \$3,250,131, respectively. Management believes that the Organization is not exposed to any significant credit risk related to these accounts.

At June 30, 2025 and 2024, the pledges receivable balance was due from multiple donors. One donor represented approximately 14% of pledges receivable at June 30, 2025. Management has performed an analysis of these receivables and does not believe that significant credit risk exists relating to pledges receivable.

Contributions and grants receivable risk is mitigated due to the Organization's long-standing relationships with donor organizations and receiving a significant amount of governmental funding through the State of Rhode Island. Two donors represented approximately 63% and three donors represented approximately 70% of contributions and grants receivable at June 30, 2025 and 2024, respectively, and have historically been collected timely. Management has performed an analysis of these receivables and does not believe that significant credit risk exists relating to contributions and grants receivable.

During the years ended June 30, 2025 and 2024, revenue from the Rhode Island Foundation totaled approximately 15% and 17%, respectively, of the Organization's total revenue.

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The Organization's investments consist of a diversified portfolio of various investment vehicles including money market funds, fixed income securities, equity securities, and mutual funds. These investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. Management believes the diversity of the portfolio minimizes the risk of loss.