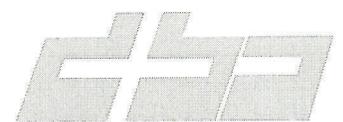


CAPE AND ISLANDS UNITED WAY, INC.

FINANCIAL STATEMENTS

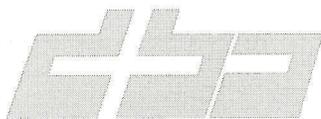
DECEMBER 31, 2024



DePaola, Begg & Associates, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cape and Islands United Way, Inc.

Opinion

We have audited the accompanying financial statements of Cape and Islands United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cape and Islands United Way, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conduct 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 Cape and Islands United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Cape and Islands United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

DePaola Begg & Assoc. P.C.

Hyannis, Massachusetts
August 5, 2025

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

	<u>2024</u>
<u>ASSETS</u>	
Cash	\$ 187,648
Investments	816,352
Pledges receivable	8,544
Prepaid expenses	11,084
Operating lease right of use assets, net	87,259
Property and equipment, net	<u>11,130</u>
TOTAL ASSETS	<u>\$ 1,122,017</u>
<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:	
Line of credit	\$ 50,000
Accounts payable	12,759
Accrued payroll liabilities	16,158
Funds awarded payable	207,500
Operating lease liabilities	<u>90,227</u>
Total Liabilities	<u>376,644</u>
NET ASSETS:	
Without donor restrictions	610,209
With donor restrictions	<u>135,164</u>
Total Net Assets	<u>745,373</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,122,017</u>

See independent auditor's report and notes to financial statements

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contributions	\$ 702,415	\$ 252,758	\$ 955,173
Contribution of nonfinancial assets	2,000	-	2,000
Special events, net	254,996	-	254,996
Investment income, net	103,930	-	103,930
Net assets released from restrictions	293,070	(293,070)	-
Total revenues and support	1,356,411	(40,312)	1,316,099
EXPENSES:			
Program services	1,014,120	-	1,014,120
General and administrative	136,010	-	136,010
Fundraising	107,711	-	107,711
Total Expenses	1,257,841	-	1,257,841
CHANGES IN NET ASSETS	98,570	(40,312)	58,258
NET ASSETS - BEGINNING OF YEAR	511,639	175,476	687,115
NET ASSETS - END OF YEAR	\$ 610,209	\$ 135,164	\$ 745,373

See independent auditor's report and notes to financial statements

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	<u>Social & Community Impact Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 233,571	\$ 50,051	\$ 50,051	\$ 333,673
Payroll taxes	18,650	3,996	3,996	26,642
Employee benefits	23,356	5,005	5,005	33,366
Audit	-	11,725	-	11,725
Bookkeeping	-	20,620	-	20,620
Consulting	31,185	15,592	15,592	62,369
Credit card fees	-	12,326	-	12,326
Depreciation	4,421	947	947	6,315
Dues	14,478	-	-	14,478
Fundraising expenses	-	-	25,421	25,421
Funds awarded	653,951	-	-	653,951
Insurance	2,332	1,166	1,166	4,664
Occupancy	21,104	9,045	-	30,149
Office expense	5,051	2,526	2,525	10,102
Staff development	608	304	303	1,215
Technology support	4,483	2,242	2,241	8,966
Telecommunication expense	930	465	464	1,859
TOTAL FUNCTIONAL EXPENSES	\$ <u>1,014,120</u>	\$ <u>136,010</u>	\$ <u>107,711</u>	\$ <u>1,257,841</u>

See independent auditor's report and notes to financial statements

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ 58,258
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	6,315
Realized (gains) on investments	(28,022)
Unrealized (gains) on investments	(66,041)
Investment income reinvested	(18,206)
Amortization of right of use asset	19,429
Changes in operating assets and liabilities:	
Investments	19,975
Pledges receivable	(2,564)
Prepaid expenses	(7,107)
Operating lease liability	(18,829)
Accounts payable	(25,019)
Accrued payable liabilities	5,815
Funds awarded payable	(18,500)
Net cash used in operating activities	<u>(74,496)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(218,434)
Proceeds from sale of investments	224,273
Net cash provided by investing activities	<u>5,839</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	50,000
Net cash provided by financing activities	<u>50,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,657)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>206,305</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 187,648</u>
SUPPLEMENTARY CASH FLOW INFORMATION	
CASH PAID FOR INTEREST:	<u>\$ -</u>

See independent auditor's report and notes to financial statements

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 1 - NATURE OF ORGANIZATION OPERATIONS

Cape and Islands United Way, Inc. ("the Organization"), located in Centerville, Massachusetts, was formed in 1959, as a nonprofit corporation under Chapter 180 of the General Laws of the Commonwealth of Massachusetts that receives and distributes funding to address human service needs for other charitable organizations located on Cape Cod and the Islands.

The Organization's revenues and other support are derived principally from contributions and special events held and its activities are conducted primarily on Cape Cod and the Islands.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles generally accepted in the United States of America. Accounting standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions are comprised of assets relating to activities that are not subject to donor stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions are comprised of those assets for which use is limited by donor-imposed stipulations that will either expire with the passage of time or be fulfilled by the Organization. Donor-restricted contributions that are received and expended within the same year are reported as net assets without donor restrictions.

Income Tax Status

The Organization is a public charity exempt from federal income taxes 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 federal and state levels. The Organization's tax returns are subject to review of the taxing authorities, generally for three years after they were filed. The federal tax returns for years 2023, 2022, and 2021 remain open for review. The Organization currently has no tax examinations in progress.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit with original maturity dates greater than three months are reported separately from cash and cash equivalents in the statement of financial position. Certificates of deposit are measured at amortized cost, which approximates fair value. As of December 31, 2024, the Organization had no certificates of deposit.

Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All pledges receivables are due in less than one year.

Property and Equipment

Acquisitions of property and equipment are recorded at cost except for donated property which are recorded at fair market value at the date of donation. The Organization follows the practice of capitalizing all expenditures at cost for assets with a useful life that exceeds one year and exceeds \$1,000. Depreciation is calculated on the straight-line method over the following useful lives:

Furniture	7 years
Equipment	5 years

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization follows the provisions of the *Fair Value Measurements and Disclosures* Topic of the FASB ASC. This topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This topic establishes 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 and the lowest priority to unobservable inputs. Determining where an asset or liability falls within the hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

Level 1 – Quoted prices that are available in active markets for identical assets or liabilities.

Level 2 – Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Credit Losses

The Organization follows the provisions of Accounting Standards Update (“ASU”) 2016-13, Financial Instruments – Credit Losses. This ASU includes a “current expected credit loss” (“CECL”) model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Financial assets held by the Organization subject to the guidance in ASC 326, Financial Instruments – Credit Losses, were receivables. As of December 31, 2024, management has determined that any allowances would be immaterial and the entire receivable balance is expected to be collected within one year or less.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and grants are recognized when received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is primarily derived from contributions collected and fees charged for admissions at various sponsored events. This revenue is recognized when earned.

Program fees are accounted for as exchange transactions and are recognized at a point in time when the service is provided.

Investments and Investment Return

Investments in marketable securities with readily determinable fair values are stated at fair value in the statements of financial position.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the average cost method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Funds Awarded Payable

The Organization reserves the right to exercise variance authority over all grants and, as such, has no legal liability to pay the balance of any grant. Accordingly, grants and allocations are expensed based on predetermined payment schedules. Any grants and allocations that are due and not paid as of the year-end in accordance with the predetermined payment schedule are recorded as a liability at year end.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i> Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds.	Not recognized until the gift becomes unconditional, i.e. the donor imposed barrier is met.
<i>Unconditional gifts, with or without restriction</i> Received at date of gift – cash and other assets Received at date of gift – property, equipment, and long-lived assets Expected to be collected within one year Collected in future years	Fair Value Estimated fair value Net realizable value Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and non-lease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office building.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to the Organization's secured-debt yields corresponding to the lease commencement date.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2024 was \$5,859.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Non-financial Assets

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and may otherwise be purchased by the Organization. Throughout the year, the Organization may receive services which have not been included in the financial statements as the requirement criteria for valuation have not been met.

For the year ended December 31, 2024, the contributed non-financial assets recognized within the statement of activities included \$2,000 of goods for events. The non-financial assets were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Goods for Events

The contributed goods for events will be used for fundraising activities. In valuing the contributed goods for events, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Fundraising Events

The Organization incurred fundraising expenses that directly benefited donors which amounted to \$156,817 for the year ended December 31, 2024.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function.

The expenses that have been allocated include compensation and related expenses, consulting and bookkeeping which have been allocated based upon actual program related payroll, in addition to, time and effort. Other overhead related expenses include insurance, office and others have been allocated based on management estimates, such as time and effort spent.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 3 - INVESTMENTS

Investments are stated at fair market value and consist of the following as of December 31, 2024:

<u>2024</u>	<u>Cost</u>	<u>Fair Market Value</u>
Equities	\$ 345,488	\$ 519,086
Fixed Income	<u>308,595</u>	<u>297,266</u>
Total	\$ <u>654,083</u>	\$ <u>816,352</u>

The only assets of the Organization that are measured at fair value on a recurring basis in accordance with ASC 820 as of December 31, 2024 are investments. These are measured at Level 1 of the fair value hierarchy.

NOTE 4 - PROPERTY AND EQUIPMENT

As of December 31, 2024, property and equipment consisted of the following:

Asset Category

Furniture	\$ 31,935
Equipment	<u>40,157</u>
Total property and equipment	72,092
Less accumulated depreciation	<u>(60,962)</u>
Property and equipment, net	<u>\$11,130</u>

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 5 - RELATED PARTY TRANSACTIONS

The accounting function is outsourced to a firm that is owned by a current member of the Board of Directors. During the year ended December 31, 2024, the organization paid the firm accounting fees of \$18,150. As of December 31, 2024, there were no accounts payable due to the related entity.

The Organization is affiliated with the United Way Worldwide (UWW) and pays membership dues for use of UWW's name and service marks. For the year ended December 31, 2024, membership dues totaled \$12,638.

NOTE 6 - RETIREMENT PLAN

The Organization offers a contributory simple IRA Plan for the exclusive benefit of the employees who are eligible to participate. The Organization matches individual participants' contributions to the plan up to 3% of the individual participant's compensation. The Organization's contributions to the plan for the year ended December 31, 2024 was \$6,305.

NOTE 7 - LINE OF CREDIT

In June of 2020, the Organization obtained a line of credit with a maximum borrowing limit of \$100,000. The line of credit is due on demand, with interest due at the Eastern Bank Base Rate (as defined in the agreement, 7.50% at December 31, 2024). The line of credit is secured by a pledge of the Organization's investments. As of December 31, 2024, the balance on the line of credit was \$50,000.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 8 - NET ASSETS – WITH DONOR RESTRICTIONS

Net assets with donor restrictions, subject to expenditure for specific purpose, consisted of the following at December 31, 2024:

Community response	\$	2,530
Micro-grants		24,203
Women's united		8,346
Fuel assistance		100,085
Total	\$	<u>135,164</u>

Releases from donor restricted net assets for the year ended December 31, 2024 are as follows:

Releases from restrictions:		
Community response	\$	5,000
DEI		5,280
Micro-grants		69,913
Women's united		105,962
Fuel assistance		106,915
Total	\$	<u>293,070</u>

NOTE 9 - INVESTMENT INCOME

Investment income (loss) consisted of the following for year ended December 31, 2024:

Interest and dividends	\$	18,206
Realized gains		28,022
Unrealized gains		66,041
Investment fees		(8,339)
Total	\$	<u>103,930</u>

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 10 - AVAILABILITY AND LIQUIDITY

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

	<u>12/31/2024</u>
Cash	\$ 187,648
Investments	816,352
Pledges receivable	8,544
Less financial assets subject to restriction	<u>(135,164)</u>
Total	<u>\$ 877,380</u>

To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$100,000, which it could draw upon. As of December 31, 2024, \$50,000 was drawn upon the available \$100,000 line of credit.

NOTE 11 - CONCENTRATION OF RISK

The Organization maintains its cash at financial institutions in bank deposits, which may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant risk with respect to cash.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 12 - LEASES

The Organization has entered into the following lease arrangements:

Effective December 15, 2021, the Organization entered into a lease agreement for office space in Hyannis, Massachusetts. The term of the lease is for 7 years. The lease terms provide for monthly payments that increase at various intervals as described in the agreement. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate lease payments was 4.25%. The Organization has no material related-party leases. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Total rent paid for this lease for the year ended December 31, 2024 totaled \$23,100.

The operating lease cost and for the year ended December 31, 2024 was \$87,259.

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 23,700
2026	24,300
2027	24,900
2028	<u>25,500</u>
Total lease payments	98,400
Less: interest	<u>(8,173)</u>
Operating lease liability	\$ <u>90,277</u>

As of December 31, 2024, right-of-use assets related to operating leases were as follows:

Cost	\$ 143,310
Less: Accumulated amortization	<u>(56,051)</u>
Total right-of-use assets, net	<u>\$ 87,259</u>

NOTE 13 - SUBSEQUENT EVENT – DATE OF MANAGEMENT REVIEW

The Organization has evaluated subsequent events through August 5, 2025, the date through which the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.