

**UNITED WAY OF WESTERN
CONNECTICUT, INC.**

Financial Statements

**Year Ended June 30, 2019
(with comparative totals for 2018)**

UNITED WAY OF WESTERN CONNECTICUT, INC.

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Independent Auditor's Report

The Board of Directors
United Way of Western Connecticut, Inc.
Danbury, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Western Connecticut, Inc. (United Way) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control appropriate to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are relevant in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors
United Way of Western Connecticut, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all materials respects, the financial position of United Way of Western Connecticut, Inc. as of June 30, 2019 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.

Report on Summarized Comparative Information

We have previously audited United Way's financial statements as of and for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cirone Friedberg, LLP

Shelton, Connecticut
October 29, 2019

UNITED WAY OF WESTERN CONNECTICUT, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 243,333	\$ 653,196
Investments	3,149,868	3,251,273
Promises to Give, Net of Allowance for Uncollectible Promises of \$54,499 in 2019 and \$66,784 in 2018	1,654,334	1,077,370
Designations Receivable from Others, Net of Allowance for Uncollectible Designations of \$18,873 in 2019 and \$23,753 in 2018	71,639	95,087
Prepaid Expenses and Other Assets	240,070	183,994
Security Deposit	15,000	15,000
Improvements, Furniture and Equipment, Net	71,033	53,917
Agency Assets	<u>81,153</u>	<u>109,861</u>
Total Assets	<u>\$ 5,526,430</u>	<u>\$ 5,439,698</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 206,389	\$ 198,478
Revenue Received in Advance	12,725	10,925
Refundable Advances on Grants	93,162	204,511
Agency Liabilities	<u>81,153</u>	<u>109,861</u>
Total Liabilities	<u>393,429</u>	<u>523,775</u>
<u>Net Assets</u>		
Without Donor Restrictions:		
Net Investment in Improvements, Furniture and Equipment	71,033	53,917
Board Designated - Children's Programs and Services	554,167	804,939
Board Designated - Other	2,425,597	2,786,163
Undesignated - Available for Operations	<u>50,000</u>	<u>50,000</u>
Total Without Donor Restrictions	3,100,797	3,695,019
With Donor Restrictions	<u>2,032,204</u>	<u>1,220,904</u>
Total Net Assets	<u>5,133,001</u>	<u>4,915,923</u>
Total Liabilities and Net Assets	<u>\$ 5,526,430</u>	<u>\$ 5,439,698</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(with comparative totals for 2018)

	2019		2018	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues, Gains and Other Support				
Campaign Revenue:				
Total Amounts Raised in Campaigns	\$ 2,843,437	\$ 786,850	\$ 3,630,287	\$ 4,202,180
Less: Amounts Raised on Behalf of Others - Designations, Net	(1,339,588)	-	(1,339,588)	(1,867,293)
Less: Provision for Uncollectible Accounts	(54,499)	-	(54,499)	(66,784)
	<u>1,449,350</u>	<u>786,850</u>	<u>2,236,200</u>	<u>2,268,103</u>
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	111,656	-	111,656	137,536
Campaign Revenue, Net	<u>1,561,006</u>	<u>786,850</u>	<u>2,347,856</u>	<u>2,405,639</u>
Designations from Other United Ways, Net Contributions and Sponsorships	178,783	-	178,783	242,757
Fund-raising Events	580,874	261,089	841,963	735,203
Grants	158,772	-	158,772	208,637
Interest and Investment Income, Net	802,399	-	802,399	1,098,709
Fees and Other Income	172,840	-	172,840	215,448
In-kind and Non-Cash Contributions	24,074	-	24,074	26,089
Total	<u>147,732</u>	<u>-</u>	<u>147,732</u>	<u>217,117</u>
	<u>3,626,480</u>	<u>1,047,939</u>	<u>4,674,419</u>	<u>5,149,599</u>
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	9,808	(9,808)	-	-
Satisfaction of Time and Purpose Restrictions	225,822	(225,822)	-	-
Expiration of Time Restrictions	1,009	(1,009)	-	-
Total Net Assets Released from Restrictions	<u>236,639</u>	<u>(236,639)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>3,863,119</u>	<u>811,300</u>	<u>4,674,419</u>	<u>5,149,599</u>
Expenses				
Functional Expenses:				
Community Services:				
Community Impact Grants, Other Distributions and Program Expenses	3,158,011	-	3,158,011	3,313,293
Supporting Services:				
Resource Development and Marketing	545,058	-	545,058	474,818
Management and General	706,837	-	706,837	617,171
Total Supporting Services	<u>1,251,895</u>	<u>-</u>	<u>1,251,895</u>	<u>1,091,989</u>
Total Functional Expenses	4,409,906	-	4,409,906	4,405,282
Cost of Direct Benefits to Donors	47,435	-	47,435	69,630
Total Expenses	<u>4,457,341</u>	<u>-</u>	<u>4,457,341</u>	<u>4,474,912</u>
Change in Net Assets	(594,222)	811,300	217,078	674,687
Net Assets At Beginning of Year	<u>3,695,019</u>	<u>1,220,904</u>	<u>4,915,923</u>	<u>4,241,236</u>
Net Assets At End of Year	<u>\$ 3,100,797</u>	<u>\$ 2,032,204</u>	<u>\$ 5,133,001</u>	<u>4,915,923</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

(with comparative totals for 2018)

	2019				2018	
	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>	<u>Total</u>
	Community Impact Grants, Other Distributions, and Other Program Expenses	Resource Development and Marketing	Management and General	Total		
<u>Programs and Community Investments:</u>						
Education	\$ 698,356	\$ -	\$ -	\$ -	\$ 698,356	\$1,033,507
Financial Stability	298,718	-	-	-	298,718	151,430
Food Security	93,994	-	-	-	93,994	81,809
Volunteerism	44,522	-	-	-	44,522	39,539
Basic Needs, Including In-kind of \$5,200 and \$2,283	486,373	-	-	-	486,373	616,207
Other Community Investments	1,344,851	-	-	-	1,344,851	1,869,786
Less: Raised on Behalf of Others - Designations	<u>(1,339,588)</u>	-	-	-	<u>(1,339,588)</u>	<u>(1,867,293)</u>
Programs and Community Investments, Net	<u>1,627,226</u>	-	-	-	<u>1,627,226</u>	<u>1,924,985</u>
Salaries	801,972	330,224	440,299	770,523	1,572,495	1,333,322
Employee Benefits	122,785	50,559	67,413	117,972	240,757	186,757
Payroll Taxes	<u>68,875</u>	<u>28,360</u>	<u>37,814</u>	<u>66,174</u>	<u>135,049</u>	<u>122,732</u>
Sub-total Employee Related Expenses	<u>993,632</u>	<u>409,143</u>	<u>545,526</u>	<u>954,669</u>	<u>1,948,301</u>	<u>1,642,811</u>
Sub-total	<u>2,620,858</u>	<u>409,143</u>	<u>545,526</u>	<u>954,669</u>	<u>3,575,527</u>	<u>3,567,796</u>
Professional and Consulting Fees	68,798	20,165	29,654	49,819	118,617	77,302
Office Supplies and Postage	12,299	3,605	5,301	8,906	21,205	26,186
Telephone and Internet	14,436	4,231	6,223	10,454	24,890	26,928
Printing and Promotion	28,411	8,327	12,246	20,573	48,984	55,592
Occupancy	120,808	17,153	46,479	63,632	184,440	182,007
Insurance	15,871	2,253	6,106	8,359	24,230	22,030
Maintenance of Equipment	53,031	7,530	20,403	27,933	80,964	70,043
Fund-raising Events	-	48,919	-	48,919	48,919	37,788
Conferences, Training and Travel	19,150	5,613	8,254	13,867	33,017	25,470
Dues	3,453	1,012	1,488	2,500	5,953	6,965
In-kind and Non-Cash Expenses	142,532	-	-	-	142,532	214,834
Depreciation	6,778	1,987	2,922	4,909	11,687	10,733
United Way Worldwide Dues	31,923	9,357	13,760	23,117	55,040	47,090
Miscellaneous	<u>19,663</u>	<u>5,763</u>	<u>8,475</u>	<u>14,238</u>	<u>33,901</u>	<u>34,519</u>
Sub-total Other Expenses	<u>537,153</u>	<u>135,915</u>	<u>161,311</u>	<u>297,226</u>	<u>834,379</u>	<u>837,487</u>
Total Functional Expenses	<u>\$ 3,158,011</u>	<u>\$ 545,058</u>	<u>\$706,837</u>	<u>\$1,251,895</u>	<u>\$4,409,906</u>	<u>\$4,405,283</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 217,078	\$ 674,687
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	11,687	10,733
Provision for Uncollectible Promises to Give	54,499	66,784
Provision for Uncollectible Designations	18,873	23,753
Realized Losses (Gains) on Sale of Investments	3,630	(25,157)
Unrealized Appreciation on Investments	(77,118)	(104,512)
Changes in:		
Promises to Give	(631,463)	(369,837)
Designations Receivable from Others	4,575	(18,912)
Prepaid Expenses and Other Assets	(56,076)	(86,412)
Agency Assets	28,708	(13,019)
Accounts Payable and Accrued Expenses	7,911	47,856
Revenue Received in Advance	1,800	1,571
Refundable Advances on Grants	(111,349)	128,232
Agency Liabilities	(28,708)	13,019
Total Adjustments	<u>(773,031)</u>	<u>(325,901)</u>
Net Cash (Used) Provided by Operating Activities	<u>(555,953)</u>	<u>348,786</u>
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	(28,803)	(14,904)
Proceeds from Assets Available for Sale	-	580,202
Purchase of Investments	(164,656)	(971,941)
Proceeds from Sale of Investments	<u>339,549</u>	<u>559,424</u>
Net Cash Provided by Investing Activities	<u>146,090</u>	<u>152,781</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(409,863)	501,567
Cash and Cash Equivalents - Beginning of Year	<u>653,196</u>	<u>151,629</u>
Cash and Cash Equivalents - End of Year	<u>\$ 243,333</u>	<u>\$ 653,196</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 1 - NATURE OF OPERATIONS

The mission of United Way of Western Connecticut, Inc. (United Way) is to improve the lives of hard-working, struggling households by mobilizing the resources of local communities to create lasting change. United Way fights for the health, education, and financial stability of every person throughout our 15-town service area. United Way is a local, volunteer-led organization working together with community leaders, nonprofit organizations, community volunteers, and businesses to focus on the most pressing needs in the communities of Northern Fairfield County, Southern Litchfield County, and Stamford.

Since 2014, United Way has focused on the sustainability of households living paycheck-to-paycheck called **ALICE**[®] (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed). Research conducted in partnership with Rutgers University in 2014 and updated in 2016 and 2018 indicates that more than 40% of households in Connecticut live at or below a basic cost of living threshold. ALICE represents the growing number of individuals and families who are working, but unable to afford the basic necessities of housing, food, child care, health care, and transportation. United Way is focused on impacting the lives of the ALICE population, increasing their financial stability, and ultimately reducing the number of ALICE households in Western Connecticut. United Way's success is rooted in listening directly to ALICE households through community conversations, focusing on targeted outcomes that will improve their lives, and measuring success for continual improvement and to achieve significant systemic change.

United Way has one governing board comprised of members from each of its three main regions (Northern Fairfield County, Southern Litchfield County, and Stamford) to provide needed expertise and perspective. Additionally, three Community Councils focus on local priorities by identifying community needs, building long-term funding sources, and allocating resources to local service programs.

United Way raises funds and utilizes volunteers and in-kind resources to address local needs that impact households that live paycheck-to-paycheck (ALICE) or in poverty. Resource development activities include annual workplace campaigns, direct mail and email solicitations, major gifts, planned gifts, special events, and securing grant funding. United Way distributes community impact and other grants through open, transparent processes that best benefit the ALICE and poverty populations. Agencies funded by United Way are evaluated for their ability to meet desired outcomes and their financial health. Substantial funds are directed to prepare children for successful entry into kindergarten, help families achieve financial stability, and improve access to fresh, healthy foods. United Way engages additional funding sources and collaborative partners to accomplish this work and strives to fund organizations working together towards common population outcomes.

United Way also values volunteerism as an important community resource. Volunteer recruitment, referral and placement with agencies, skilled volunteerism, corporate team volunteerism, youth volunteerism, senior volunteerism, and nonprofit board service training are among the services provided by United Way.

United Way is a not-for-profit organization incorporated under the Nonstock Corporation Act of the State of Connecticut, and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. United Way is also exempt from state income tax.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of United Way have been prepared in accordance with accounting principles generally accepted in the United States of America, which require United Way to report information regarding its financial position and activities according to the following net asset classification:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of United Way's Board of Directors.

The net investment in improvements, furniture and equipment consists of the net book value of property and equipment acquired with net assets without donor restrictions or donated assets.

The Board of Directors had designated certain net assets without donor restrictions.

Net Assets With Donor Restrictions

Some donor restrictions are temporary in nature; those restrictions will be met by actions of United Way or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. For each of the years ended June 30, 2019 and 2018, United Way has no net assets to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, or the restricted purpose is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Net Assets With Donor Restrictions - Endowments

Net assets with donor restrictions - endowments consist of net assets whose use is limited by donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of United Way. For each of the years ended June 30, 2019 and 2018, United Way has no net assets with donor restrictions - endowments.

Revenue Received in Advance

Revenue received in advance as of June 30 consists of advance program fees and sponsorships received relating to programs and events to take place during the following year.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Campaign Revenue

Contributions received or promises to give without donor-imposed restrictions are reflected as net assets without donor restrictions. Contributions received or promises to give with donor-imposed restrictions are reflected as either net assets with donor restrictions, or net assets with donor restrictions - endowment support in the accompanying financial statements. Contributions or promises to give with donor-imposed conditions are not recognized as contributions or promises to give in the accompanying financial statements until the period when the conditions are met.

Promises to give that are expected to be received within one year of the financial statement date are reflected at their net realizable value (the gross amount of the promises to give, net of an allowance for uncollectible amounts). Promises to give that are expected to be collected more than one year after the financial statement date are reflected at the present value of their estimated future cash flows using a discount rate at the date the promise to give is received commensurate with the risks involved.

Contributions raised on behalf of others designated by the donors to be paid to specific agencies or other United Ways (Designations) are considered agency transactions. Such designated contributions are reflected, net of a provision for uncollectible amounts, in the accompanying statement of activities as part of total amounts raised in campaigns, but are not considered to be part of the campaign revenue of United Way and are therefore deducted to reflect United Way's campaign revenue. United Way earns administrative fees for the processing of designated contributions. United Way has included in total revenues amounts raised by other United Ways that were designated by donors to be paid to United Way. In addition, United Way increases or reduces campaign revenue for any excess or shortfall collections of amounts raised in prior year campaigns.

Net Community Impact Grants and Other Distributions

Community impact grants and other distributions are made to programs approved by United Way's Board of Directors from funds raised in the annual campaign. United Way recognizes an expense and a liability when amounts are communicated to the partner organizations operating the programs in an award letter. United Way has presented in the accompanying statements of activities gross community investments and other distributions with a reduction for community investments and other distributions funded through designations.

Allowance for Uncollectible Promises to Give

An allowance for uncollectible promises to give has been established which is evaluated periodically for adequacy based upon management's evaluation of past loss experience, known and inherent risks in its accounts plus other factors which could affect collectibility.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. Interest and investment income, net, including realized gains and losses and unrealized appreciation or depreciation on investments, are reflected in the accompanying statement of activities.

Improvements, Furniture and Equipment

All acquisitions or donations of improvements, furniture and equipment are reflected at cost or their fair value at the date of the gift. Depreciation is provided for over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives range from three to fifteen years. It is United Way's policy to remove fully depreciated assets no longer in service from its financial records.

Newly Adopted Accounting Standard

Effective July 2018, United Way adopted the provisions of ASU 2016-14. The provisions improve the usefulness and reduce the complexities of information provided to donors, grantors, creditors and other users of the financial statements by eliminating the distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements. Enhanced disclosures in the notes to the financial statements will provide useful information about the nature, amounts and effects of the various types of donor-imposed restrictions, which also include limits on the purposes for which the resources can be used as well as the time frame for their use.

Contributed Goods and Services and Non-Cash Contributions

Goods or services have been provided by various organizations, and a number of unpaid volunteers have contributed their time and resources in United Way's planning, budgeting and community fund grants and other distribution activities and in the fund-raising campaigns.

Contributions are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. None of the volunteer services provided to United Way during either of the years ended June 30, 2019 and 2018 were required to be recognized in the accompanying financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the years ended June 30, in-kind contributions and in-kind expenses reflected in the accompanying financial statements consisted of the following:

	<u>2019</u>	<u>2018</u>
In-kind and Non-Cash Contributions:		
Back to School Program	\$ 56,570	\$ 83,512
Children's Accessories	-	2,055
Media Advertising	59,260	52,586
Volunteer Center Programs (a)	10,403	53,604
Cradle to Career	-	4,875
Mobile Food Pantries	1,770	116
Fund-raising Events - Auction Items	<u>19,729</u>	<u>20,369</u>
Total	<u>\$147,732</u>	<u>\$217,117</u>
In-kind and Non-Cash Expenses:		
Back to School Program	\$ 56,570	\$ 83,512
Children's Accessories	-	2,055
Media Advertising	59,260	52,586
Volunteer Center Programs (a)	10,403	53,604
Cradle to Career	-	4,875
Mobile Food Pantries	1,770	116
Fund-raising Events - Auction Items	<u>19,729</u>	<u>20,369</u>
Total	<u>\$147,732</u>	<u>\$217,117</u>

- (a) These contributions consist primarily of children's books, games, diapers, school supplies, toys and various personal care items that were distributed to other not-for-profit agencies and are not included as an in-kind expense but are included in programs and community investments expense in the amount of \$5,200 and \$2,283 for the years ended June 30, 2019 and 2018, respectively, in the accompanying financial statements.

Compensated Absences

Employees of United Way are entitled to paid vacation and paid sick days depending on job classifications, length of service and other factors. United Way's policy is to accrue compensated absences.

Advertising

Advertising costs are expensed as incurred.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents and Statements of Cash Flows

United Way considers all highly liquid debt instruments purchased with an original maturity of three months or less, at the time of purchase, to be cash equivalents.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by United Way on an equitable basis, salaries, related benefits, professional and consulting fees, office supplies and postage, telephone and internet, printing and promotion, rent, insurance, conferences training and travel, dues, equipment maintenance, and United Way Worldwide dues are allocated based on time and effort of individual employees. Occupancy costs are allocated based on the square footage basis.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through October 29, 2019, the date the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

Reclassifications

Certain amounts for 2018 have been reclassified, where appropriate, to conform to the 2019 presentation.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 3 - CONCENTRATION OF CASH CREDIT RISK

United Way maintains a cash account at a Connecticut bank and money market and investment accounts at two local brokerage firms. The cash account is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The money market and investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At times during the year, the cash balances may have exceeded the insured limits.

NOTE 4 - LIQUIDITY

United Way monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2019, the following financial assets are available to meet annual operating needs of the 2020 year:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 243,333
Unrestricted Investments	3,149,868
Promises to Give, Net	1,654,334
Designations Receivable, Net	<u>71,639</u>
Total	<u>5,119,174</u>
Less: Amounts Not Available to be Used Within One Year:	
Net Assets with Donor Restrictions, Time and Purpose, Not Expected to be Satisfied Within One Year	1,275,142
Net Assets Without Donor Restrictions - Board Designated Not Expected to be Satisfied Within One Year	<u>2,068,414</u>
Total	<u>3,343,556</u>
Financial Assets Available to Meet General Expenditures over the Next Year	<u>\$1,775,618</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 5 - INVESTMENTS

Accounting principles generally accepted in the United States of America have established a definition and framework for measuring fair value, and disclosure about fair value measurements. Fair value is the exchange price that would be received for an asset or liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs used to measure fair value, requiring entities to maximize the use of markets or observable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs generally require significant management judgment.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset, such as quoted prices for similar assets or liabilities.
- Level 3 inputs are unobservable inputs for the assets or liability.

Investments at June 30, categorized according to the fair value hierarchy for those investments subject to categorization in the fair value hierarchy are summarized as follows:

	Quoted Prices in Active Markets for Identical Assets (Level1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>2019</u>				
Total Investments	<u>\$3,149,868</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$3,149,868</u>
<u>2018</u>				
Total Investments	<u>\$3,251,273</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$3,251,273</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 5 - INVESTMENTS (CONTINUED)

United Way's investments are in publicly traded equities, mutual funds and exchanged traded funds. Fair value for these investments is based on quoted marked prices and published net asset values. Investments at June 30, consisted of the following:

<u>2019</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 127,194	\$ 127,194	\$ -
Fixed Income Securities	885,197	873,766	11,431
Equity Mutual Funds	<u>1,358,009</u>	<u>1,087,782</u>	<u>270,227</u>
Total	<u>2,370,400</u>	<u>2,088,742</u>	<u>281,658</u>
At a Commonwealth Financial Network:			
Money Market Funds	172,786	172,786	-
Equity Mutual Funds	506,466	396,783	109,683
Exchange Traded Funds	<u>100,216</u>	<u>99,494</u>	<u>722</u>
Total	<u>779,468</u>	<u>669,063</u>	<u>110,405</u>
Total Investments	<u>\$3,149,868</u>	<u>\$2,757,805</u>	<u>\$392,063</u>
<u>2018</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 216,897	\$ 216,897	\$ -
Fixed Income Securities	1,010,916	1,025,540	(14,624)
Equity Mutual Funds	<u>1,290,026</u>	<u>1,042,781</u>	<u>247,245</u>
Total	<u>2,517,839</u>	<u>2,285,218</u>	<u>232,621</u>
At a Commonwealth Financial Network:			
Money Market Funds	85,836	85,836	-
Equity Mutual Funds	551,910	465,779	86,131
Exchange Traded Funds	<u>95,688</u>	<u>99,495</u>	<u>(3,807)</u>
Total	<u>733,434</u>	<u>651,110</u>	<u>82,324</u>
Total Investments	<u>\$3,251,273</u>	<u>\$2,936,328</u>	<u>\$314,945</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 5 - INVESTMENTS (CONTINUED)

For the years ended June 30, interest and investment income, net, included the following:

	<u>2019</u>	<u>2018</u>
Interest Income	\$ 307	\$ 305
Dividend Income, including Capital Gain Distributions	99,045	85,474
Net Realized (Losses) Gains on Sale of Investments	(3,630)	25,157
Unrealized Appreciation on Investments	<u>77,118</u>	<u>104,512</u>
Net	<u>\$172,840</u>	<u>\$215,448</u>

Net realized (losses) gains on sale of investments for the years ended June 30 was as follows:

	<u>2019</u>	<u>2018</u>
Proceeds	\$ 339,549	\$559,424
Cost	<u>(343,179)</u>	<u>(534,267)</u>
Net	<u>\$ (3,630)</u>	<u>\$ 25,157</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 6 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK

Concentrations of credit risk arise due to United Way's solicitation of promises for charitable contributions from companies and individuals located within the western Connecticut area. United Way does not obtain collateral for its promises, but monitors the status of its past due receivables and provides an allowance for uncollectible promises. United Way had one and two major corporate donors, including their employees, and one individual donor during each of the years ended June 30, 2019 and 2018, that accounted for approximately 25% and 24% of total amounts raised in campaigns, and approximately 73% and 38% of amounts raised on behalf of others, respectively. Amounts due from these donors were approximately 54% and 67% of gross promises to give and approximately 91% and 81% of agency assets at June 30, 2019 and 2018, respectively.

Total amounts raised in Campaigns for the year ended June 30, 2019, and promises to give, net at June 30, 2019, primarily from the 2018-2019 campaign, were comprised of the following:

	<u>2019</u>
<u>Annual Campaign Support</u>	
Local Campaign Promises - Due in One Year or less	\$ 2,687,005
Local Campaign Promises - Due in One to Five Years (a)	<u>943,282</u>
Total	3,630,287
Less: Allowance for Uncollectible Accounts	<u>(54,499)</u>
Net Annual Campaign Support	3,575,788
<u>Amounts Collected</u>	
Local Campaign Promises	<u>(1,859,004)</u>
Promises to Give, Before Designation to Other Agencies	1,716,784
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(62,450)</u>
Promises to Give, Net	<u>\$ 1,654,334</u>

(a) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 4.5%. These amounts are deemed fully collectible at June 30, 2019, and no allowance for uncollectible promises has been established.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 6 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK (CONTINUED)

Total amounts raised in Campaigns for the year ended June 30, 2018, and promises to give, net at June 30, 2018, primarily from the 2017-2018 campaign, were comprised of the following:

	<u>2018</u>
<u>Annual Campaign Support</u>	
Local Campaign Promises - Due in One Year or less	\$ 3,468,246
Local Campaign Promises - Due in One to Five Years (a)	<u>733,934</u>
Total	4,202,180
Less: Allowance for Uncollectible Accounts	<u>(66,784)</u>
Net Annual Campaign Support	4,135,396
 <u>Amounts Collected</u>	
Local Campaign Promises	<u>(2,965,702)</u>
 Promises to Give, Before Designation to Other Agencies	 1,169,694
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	 <u>(92,324)</u>
 Promises to Give, Net	 <u>\$ 1,077,370</u>

(a) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 4.5%. These amounts are deemed fully collectible at June 30, 2018, and no allowance for uncollectible promises has been established.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 7 - DESIGNATIONS FROM OTHER UNITED WAYS, NET

Net amounts designated from other United Ways for the years ended June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Gross Revenue	\$198,386	\$273,586
Less: Designation Paid to Agencies	(730)	(7,076)
Less: Provision for Uncollectible Designations	<u>(18,873)</u>	<u>(23,753)</u>
Designations from Other United Ways, Net	<u>\$178,783</u>	<u>\$242,757</u>

NOTE 8 - IMPROVEMENTS, FURNITURE AND EQUIPMENT, NET

Improvements, furniture and equipment, net at June 30, consisted of the following:

	<u>2019</u>	<u>2018</u>
Leasehold Improvement	\$ 2,468	\$ 2,468
Office Furniture, Software and Equipment	<u>178,582</u>	<u>149,779</u>
	181,050	152,247
Less: Accumulated Depreciation	<u>(110,017)</u>	<u>(98,330)</u>
Improvements, Furniture and Equipment, Net	<u>\$ 71,033</u>	<u>\$ 53,917</u>

During the year ended June 30, 2018, fully depreciated furniture, fixtures and software with a cost basis of \$77,175 was written off.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 9 - AGENCY ASSETS AND LIABILITIES

Designations

United Way acts as an agent with respect to certain portions of its fund-raising campaigns for which contributions are designated by the donors to be paid to specific agencies or other United Ways. Agency assets consist primarily of promises to give and cash not yet remitted. Agency liabilities consist primarily of designations payable to agencies and other United Ways.

Fiscal Processing Arrangements

United Way acts as a fiscal processing agency for several community organizations which carry out Community Impact programs serving the Southern Litchfield County area. Promises to give and cash collected and held on behalf of these organizations, to be disbursed at the direction of these organizations, are considered agency assets and liabilities.

Agency assets and liabilities at June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Agency Assets:		
Promises to Give, Net	\$62,444	\$ 92,325
Cash	<u>18,709</u>	<u>17,536</u>
Total	<u>\$81,153</u>	<u>\$109,861</u>
Agency Liabilities:		
Designations	\$62,444	\$ 92,325
Fiscal Processing Arrangements:		
New Milford Culinary School	234	234
Car Seat Safety Program	5,184	3,294
Walking Project	4,656	4,907
New Milford	8,260	8,726
Healthy 2020	<u>375</u>	<u>375</u>
Total	<u>\$81,153</u>	<u>\$109,861</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 10 - GRANTS

United Way is the recipient of several grants. Grant revenue is recognized as expenditures against the grants that are incurred. Grants receivable represent expenditures on grants incurred in excess of payments received from grantors. Refundable advances on grants consist of payments received from grantors where the payments received were in excess of expenditures incurred. Management of United Way does not anticipate that there would be any material changes as a result of grant audits.

Refundable advances on grants at June 30 and grant revenue for the year ended June 30 consisted of the following:

<u>2019</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
State of Connecticut - Office of Early Childhood	\$ -	\$ 74,572
Working Cities - Community Development Block Grant	-	30,238
Emergency Food and Shelter	-	170,422
Strong Start Neighborhood Initiative	-	45,000
Danbury Grant for Social Services	12,750	245,000
Let's Go Grant	-	23,067
Bloomberg Grant	-	68,221
Grossman Parents as Teachers Grant	-	13,229
Working Cities Challenge Grant	<u>80,412</u>	<u>132,650</u>
 Total	 <u>\$93,162</u>	 <u>\$802,399</u>
 <u>2018</u>	 <u>Refundable Advances</u>	 <u>Grant Revenue</u>
Discovery Program for Children	\$ -	\$ 3,818
State of Connecticut - Office of Early Childhood	-	100,965
Danbury Promise for Children - Community Development Block Grant	-	20,000
Emergency Food and Shelter	-	151,709
Strong Start Neighborhood Initiative	45,000	58,726
Danbury Grant for Social Services	15,000	384,750
Danbury Collaborative Award	-	22,500
Let's Go Grant	-	23,267
Bloomberg Grant	68,221	31,779
Grossman Parents as Teachers Grant	13,228	286,772
Working Cities Challenge Grant	<u>63,062</u>	<u>14,423</u>
 Total	 <u>\$204,511</u>	 <u>\$1,098,709</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 11 - NET ASSETS

Net Assets Without Donor Restrictions - Board Designated

As of June 30, the Board of Directors has designated the following amounts for the purposes indicated:

Children's Programs and Services

These amounts consisted of the unexpended portion of an initial \$3,400,000 from the sales proceeds of closely held stock during the year ended June 30, 2008 plus an additional \$407,000 from a gift from an anonymous donor during the year ended June 30, 2011, to be used for Children's Programs and Services benefiting children in Northern Fairfield County. The Board intends that these funds be expended in a scheduled fashion over the next several years. The remaining designated balance was \$554,167 and \$804,939 at June 30, 2019 and 2018, respectively.

Board Designated - Other

	<u>2019</u>	<u>2018</u>
Stabilization Reserve Fund (a)	\$ 625,948	\$ 545,994
Stamford Society (b)	6,155	17,655
Future Community Impact Awards (c)	66,743	95,993
Stamford Rent and Operations (d)	340,000	400,000
Furthering Volunteerism (e)	165,000	170,000
Cradle to Career Initiatives (f)	-	27,772
ALICE Enrichment Fund (g)	26,500	29,000
Community Impact Operations (h)	1,164,295	1,477,308
Strong Start Park Avenue (i)	-	13,924
Imagination Library (j)	7,911	8,517
Community Impact Grants - Danbury (k)	<u>23,045</u>	<u>-</u>
Total	<u>\$2,425,597</u>	<u>\$2,786,163</u>

(a) Designated to insure against unforeseen campaign, economic and organizational circumstances.

(b) The Board of Directors has approved the designation of certain unrestricted net assets including planned gifts and assets received from sources other than the annual campaign, for a fund known as the Stamford Society. The purpose of the fund is to support special projects or special needs of the community of Stamford, which in the Board's opinion were not being adequately addressed by the annual campaign and the annual allocations process.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

- (c) The Board of Directors had designated \$70,993 from amounts raised in the 2010-2011 campaign plus an additional \$70,000 approved from the proceeds of the sale of the Stamford facility, to be awarded to agencies to be selected subsequent to June 30, 2012 of which \$66,743 and \$95,993 remained designated at June 30, 2019 and 2018, respectively.
- (d) The Board of Directors had designated \$608,000 from the proceeds of the sale of the Stamford facility to be used to fund the future rent and operations of the new Stamford premises of which \$340,000 and \$400,000 remained designated at June 30, 2019 and 2018, respectively.
- (e) The Board of Directors had designated \$340,000 for activities and programs to encourage volunteerism, of which \$165,000 and \$170,000 remained designated as of June 30, 2019 and 2018, respectively.
- (f) During the year ended June 30, 2018, the Board of Directors designated \$27,772 to fund future Cradle to Career Initiatives, which was fully expended during the year ended June 30, 2019.
- (g) The Board of Directors had designated \$29,000 for activities related to the ALICE Enrichment Fund of which \$26,500 and \$29,000 remained designated at June 30, 2019 and 2018, respectively.
- (h) At June 30, 2019 and 2018, the Board of Directors had designated \$1,164,295 and \$1,477,308 for future grants or endowments for Community Impact programs, respectively.
- (i) At June 30, 2018, the Board of Directors had designated \$13,924 to help fund the Strong Start Park Avenue initiative. The funds were fully expended during the year ended June 30, 2019.
- (j) At June 30, 2019 and 2018, the Board of Directors had designated \$7,911 and \$8,517 for expenditures related to Imagination Library, respectively.
- (k) During the year ended June 30, 2019, the Board Designated \$23,045 to fund Community Impact Grants in the Danbury area.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 11 - NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net Assets With Donor Restrictions at June 30 were restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Purpose Restricted:		
The Giving Fund	\$ 71,648	\$ -
ALICE Saves	113,458	-
Financial Opportunity Center	74,302	79,110
Heart of Gold Scholarship	<u>10,000</u>	<u>15,000</u>
Total Purpose Restricted	<u>269,408</u>	<u>94,110</u>
Time Restricted:		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>26,574</u>	<u>1,009</u>
Time and Purpose Restricted:		
Back to School	30,925	33,582
Youth Volunteer Program	42,834	16,623
Working Cities - FCCF	22,000	-
The Volunteer Center - Volunteerism	-	15,000
The Volunteer Center - Save Program	15,207	15,207
Stamford Cradle to Career	78,000	58,228
ALICE Long Term Sustainability - Healthy Savings	30,000	-
ALICE Senior Program	8,000	2,820
ALICE Long Term Sustainability	1,154,110	426,834
ALICE Long Term Sustainability - Food Policy Manager	140,602	196,700
ALICE - Stamford Cradle to Career	3,000	-
Food Security Program	12,329	22,559
Summer Start Program	5,000	8,500
Buck Middle School Transition Program	27,894	50,000
The Sandra L. and John P. Rankin Education and Income Fund	111,356	221,476
Financial Opportunity Center	<u>54,965</u>	<u>58,256</u>
Total Time and Purpose Restricted	<u>1,736,222</u>	<u>1,125,785</u>
Total Net Assets With Donor Restrictions	<u>\$2,032,204</u>	<u>\$1,220,904</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 11 - NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions (continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of other events or by passage of time for the years ended June 30 were as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of Purpose Restrictions:		
Center for Financial Stability	\$ -	\$19,000
Discovery Program for Children	-	3,570
Youth Volunteer Program	-	6,064
Financial Opportunity Center	4,808	-
Heart of Gold Scholarship	<u>5,000</u>	<u>-</u>
Total Purpose Restrictions	<u>9,808</u>	<u>28,634</u>
Expiration of Time and Purpose Restrictions:		
Discovery Program for Children	-	12,500
Back to School	2,657	-
The Volunteer Center - Volunteerism	15,000	-
Stamford Food Collaborative	-	12,500
ALICE Senior Program	2,820	7,180
ALICE - Food Policy Manager	56,098	-
ALICE Enrichment Program	-	4,000
Food Security	10,230	-
Summer Start Program	3,500	-
Buck Middle School Transition Program	22,106	-
The Sandra L. and John P. Rankin Education and Income Fund	110,120	24,656
Financial Opportunity Center	<u>3,291</u>	<u>-</u>
Total Time and Purpose Restrictions	<u>225,822</u>	<u>60,836</u>
Expiration of Time Restrictions:		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>1,009</u>	<u>579</u>
Total	<u>\$236,639</u>	<u>\$90,049</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 12 - RETIREMENT PLANS

Employees

United Way has a 401(k) Plan to which it contributes 7% of each eligible employee's salary. In addition, all eligible employees may make voluntary pre-tax contributions to the 401(k) Plan. United Way will match 50% of the employee's contribution, not to exceed 2% of their salary.

United Way also has a Tax Deferred Annuity Plan under IRS Section 403(b), to which no United Way contributions have been made. These assets remain in a separate account maintained by the plan administrator.

Employer contributions of approximately \$102,000 and \$100,700 for the years ended June 30, 2019 and 2018, respectively, are included in employee benefits.

NOTE 13 - LEASE ARRANGEMENTS

Lessor

Rental Income - NFC

United Way leased a portion of its Danbury facility to a not-for-profit tenant on a month-to-month basis at an annual rental of \$4,200. Upon sale of the facility in July 2017, the lease was effectively terminated. Rental income on this lease amounted to \$-0- and \$226 for the years ended June 30, 2019 and 2018, respectively.

Lessee

Equipment Leases

United Way leases office equipment under several leases expiring to December 2022 at a present monthly rental aggregating approximately \$2,100.

Automobile Lease

In October 2015, United Way entered into an agreement to lease an automobile for a three-year period, at a monthly rental of approximately \$410. The lease was terminated in August 2018, and United Way entered into a new lease agreement for another vehicle. The new lease required an initial down payment of \$5,050, and monthly payments of \$395 for 39 months.

Rental Expense - Litchfield

United Way leases office space in New Milford on a month-to-month basis for \$300 per month in order to service the Southern Litchfield County Community.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 13 - LEASE ARRANGEMENTS (CONTINUED)

Lessee (continued)

Rental Expense - Stamford

United Way has a lease agreement for office space in the downtown Stamford area through August 2022. The lease provides for a security deposit in the amount of \$15,000. United Way is responsible for its pro-rata share of electricity expenses in the amount of \$1,089 monthly. In the event of a rate increase by the electricity provider, United Way's share will be increased accordingly. Additionally, United Way is to pay their proportionate share of the operating expenses and real estate taxes for the building as calculated on a yearly basis.

Rental Expense - Danbury

United Way has a lease agreement to rent office space in Danbury. The term of the agreement is for five years and expires on July 31, 2021. United Way is responsible for its share of utilities. United Way has the option to renew this lease for an additional five years, at an annual rate of \$50,255, providing they notify the landlord not later than six months prior to the expiration of the original lease.

Future minimum rental lease payments for both office space leases at June 30, 2019 were as follows:

<u>Years Ending June 30.</u>	<u>Amount</u>
2020	\$154,746
2021	113,058
2022	111,427
2023	<u>9,302</u>
Total	<u>\$388,533</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(with comparative totals for 2018)

NOTE 14 - FUNDRAISING

United Way's fund-raising activities consist primarily of the Heart of Gold dinner and Hometown Heroes dinner, along with other fund-raising events which include King of The Hill and United at the Cove 5k. A summary of fund-raising activities for the years ended June 30, is as follows:

	<u>2019</u>	<u>2018</u>
<u>Revenue</u>	<u>\$158,772</u>	<u>\$208,637</u>
<u>Expenses</u>		
Fund-raising and Other Event Expenses	48,919	37,788
Direct Benefit to Donors	<u>47,435</u>	<u>69,630</u>
Total Expenses	<u>96,354</u>	<u>107,418</u>
Net	<u>\$ 62,418</u>	<u>\$101,219</u>

NOTE 15 - LINE OF CREDIT

United Way has a \$500,000 revolving line of credit agreement, subject to annual review and renewal. The line bears interest at the Prime rate plus 1.0%. The Prime rate at June 30, 2019 and 2018 was 5.50% and 5.00%, respectively. The line is secured by the investments in the account at the brokerage affiliate of Union Savings Bank, with United Way being required to maintain a minimum balance of \$1,000,000. United Way's Board of Directors has adopted a line of credit spending policy indicating that the line of credit is intended to be used solely for short-term cash flow timing needs.

There were no borrowings against the line of credit at June 30, 2019 and 2018. There was no interest expense on the line of credit for each of the years ended June 30, 2019 and 2018.

NOTE 16 - PRIOR YEAR INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with United Way's financial statements at June 30, 2018 and for the year ended June 30, 2018, from which the summarized information was derived.