

**UNITED WAY OF WESTERN
CONNECTICUT, INC. AND ITS SUBSIDIARY**

Consolidated Financial Statements

**Year Ended June 30, 2021
(with comparative totals for 2020)**

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Way of Western Connecticut, Inc. (United Way) and its Subsidiary, which are comprised of the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 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 consolidated 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. and its Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way of Western Connecticut, Inc. and its Subsidiary as of June 30, 2021 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 consolidated financial statements as of and for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Cirone Friedberg, LLP

Shelton, Connecticut
November 1, 2021

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,365,810	\$ 1,995,198
Investments	4,854,749	2,996,863
Promises to Give, Net of Allowance for Uncollectible Promises of \$42,631 in 2021 and \$93,550 in 2020	3,251,933	1,111,604
Designations Receivable from Others, Net of Allowance for Uncollectible Designations of \$13,797 in 2021 and \$14,850 in 2020	37,659	46,232
Grants Receivable	482,200	108,500
Prepaid Expenses and Other Assets	120,545	118,215
Security Deposit	15,000	15,000
Improvements, Furniture, Equipment and Software, Net Agency Assets	410,455 <u>70,486</u>	70,763 <u>70,982</u>
Total Assets	<u>\$11,608,837</u>	<u>\$ 6,533,357</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 1,159,107	\$ 231,078
Revenue Received in Advance	54,571	7,611
Refundable Advances on Grants	-	144,765
Statewide COVID Funds Payable	65,768	249,537
Agency Liabilities	70,486	70,982
Total Liabilities	<u>1,349,932</u>	<u>703,973</u>
<u>Net Assets</u>		
Without Donor Restriction:		
Net Investment in Improvements, Furniture, Equipment and Software	410,455	70,763
Board Designated - Children's Programs and Services	309,666	309,666
Board Designated - Other	6,654,353	2,621,072
Undesignated - Available for Operations	50,000	50,000
Total Without Donor Restriction	<u>7,424,474</u>	<u>3,051,501</u>
With Donor Restriction	<u>2,834,431</u>	<u>2,777,883</u>
Total Net Assets	<u>10,258,905</u>	<u>5,829,384</u>
Total Liabilities and Net Assets	<u>\$11,608,837</u>	<u>\$ 6,533,357</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	2021		2020	
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenues, Gains and Other Support				
Campaign Revenue:				
Total Amounts Raised in Campaigns	\$ 2,218,830	\$ 255,611	\$ 2,474,441	\$3,352,181
Less: Amounts Raised on Behalf of Others - Designations, Net	(630,395)	-	(630,395)	(1,103,845)
Less: Provision for Uncollectible Promises	(42,631)	-	(42,631)	(93,550)
	1,545,804	255,611	1,801,415	2,154,786
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	89,604	-	89,604	74,219
Campaign Revenue, Net	1,635,408	255,611	1,891,019	2,229,005
Designations from Other United Ways, Net	138,309	-	138,309	137,434
Contributions and Sponsorships	5,157,604	1,029,492	6,187,096	1,642,568
Fund-raising Events	7,000	-	7,000	14,716
Grants	986,641	-	986,641	1,106,190
Statewide COVID Funds Revenue	-	-	-	81,332
Interest and Investment Income, Net	684,726	-	684,726	119,651
Fees and Other Income	19,530	-	19,530	36,194
In-kind and Non-Cash Contributions	133,255	-	133,255	79,424
Total	8,762,473	1,285,103	10,047,576	5,446,514
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	124,823	(124,823)	-	-
Satisfaction of Time and Purpose Restrictions	1,103,732	(1,103,732)	-	-
Total Net Assets Released from Restrictions	1,228,555	(1,228,555)	-	-
Total Revenues, Gains and Other Support	9,991,028	56,548	10,047,576	5,446,514
Expenses				
Functional Expenses:				
Program Services:				
Community Impact Grants, Other Distributions and Program Expenses	4,750,927	-	4,750,927	3,595,089
Support Services:				
Resource Development and Marketing	302,310	-	302,310	443,720
Management and General	564,818	-	564,818	711,322
Total Support Services	867,128	-	867,128	1,155,042
Total Functional Expenses	5,618,055	-	5,618,055	4,750,131
Change in Net Assets	4,372,973	56,548	4,429,521	696,383
Net Assets at Beginning of Year	3,051,501	2,777,883	5,829,384	5,133,001
Net Assets at End of Year	\$ 7,424,474	\$ 2,834,431	\$ 10,258,905	\$ 5,829,384

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 4,429,521	\$ 696,383
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	28,351	21,115
Provision for Uncollectible Promises to Give	42,631	93,550
Provision for Uncollectible Designations	13,797	15,783
Donated Investments	(1,200,480)	-
Realized Gains on Sale of Investments	(95,937)	(23,670)
Unrealized Appreciation on Investments	(501,874)	(17,341)
Changes in:		
Promises to Give	(2,182,960)	449,180
Designations Receivable from Others	(5,224)	9,624
Grants Receivable	(373,700)	490
Prepaid Expenses and Other Assets	(2,330)	12,865
Agency Assets	496	10,171
Accounts Payable and Accrued Expenses	928,029	24,689
Revenue Received in Advance	46,960	(5,114)
Refundable Advances on Grants	(144,765)	51,603
Statewide COVID Funds Payable	(183,769)	249,537
Agency Liabilities	(496)	(10,171)
Total Adjustments	<u>(3,631,271)</u>	<u>882,311</u>
Net Cash Provided by Operating Activities	<u>798,250</u>	<u>1,578,694</u>
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	(368,043)	(20,845)
Purchase of Investments	(1,647,792)	(283,065)
Proceeds from Sale of Investments	1,588,197	477,081
Net Cash (Used) Provided by Investing Activities	<u>(427,638)</u>	<u>173,171</u>
Net Increase in Cash and Cash Equivalents	370,612	1,751,865
Cash and Cash Equivalents - Beginning of Year	<u>1,995,198</u>	<u>243,333</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,365,810</u>	<u>\$ 1,995,198</u>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

(with comparative totals for 2020)

	2021				2020	
	Program Services	Support Services			Total	Total
	Community Impact Grants, Other Distributions, and Program Expenses	Resource Development and Marketing	Management and General	Total	Total	Total
Programs and Community Investments:						
Education	\$ 807,406	\$ -	\$ -	\$ -	\$ 807,406	\$ 503,550
Financial Stability	176,532	-	-	-	176,532	152,462
Food Security	240,891	-	-	-	240,891	106,747
Volunteerism	15,394	-	-	-	15,394	32,285
Basic Needs	413,709	-	-	-	413,709	646,125
Other Community Investments	1,500,021	-	-	-	1,500,021	1,335,232
Less: Raised on Behalf of Others - Designations	(630,395)	-	-	-	(630,395)	(1,103,845)
Programs and Community Investments, Net	<u>2,523,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,523,558</u>	<u>1,672,556</u>
Employee Related Expenses:						
Salaries	1,366,217	189,752	341,554	531,306	1,897,523	1,790,917
Employee Benefits	157,162	21,828	39,291	61,119	218,281	275,586
Payroll Taxes	118,299	16,430	29,575	46,005	164,304	158,448
Sub-total Employee Related Expenses	<u>1,641,678</u>	<u>228,011</u>	<u>410,419</u>	<u>638,430</u>	<u>2,280,108</u>	<u>2,224,951</u>
Other Expenses:						
Professional and Consulting Fees	92,683	12,873	23,171	36,044	128,727	126,087
Office Supplies and Postage	24,756	3,438	6,189	9,627	34,383	48,667
Telephone and Internet	36,465	5,065	9,116	14,181	50,646	45,674
Printing and Promotion	83,744	4,372	7,870	12,242	95,986	122,593
Occupancy	122,422	17,216	51,647	68,863	191,285	189,382
Insurance	15,981	2,220	3,995	6,215	22,196	24,946
Maintenance of Equipment	81,014	11,252	20,253	31,505	112,519	107,158
Fund-raising Events	-	-	-	-	-	21,802
Conferences, Training and Travel	20,071	2,788	5,018	7,806	27,877	42,673
Dues and Subscriptions	26,364	3,662	6,591	10,252	36,616	9,774
Miscellaneous	7,242	1,006	1,810	2,816	10,058	37,101
United Way Worldwide Dues	54,536	7,575	13,634	21,209	75,745	55,652
Sub-total Other Expenses	<u>565,278</u>	<u>71,465</u>	<u>149,295</u>	<u>220,760</u>	<u>786,038</u>	<u>831,509</u>
Total Before Depreciation and Amortization	4,730,514	299,475	559,714	859,190	5,589,704	4,729,016
Depreciation and Amortization	<u>20,413</u>	<u>2,835</u>	<u>5,103</u>	<u>7,938</u>	<u>28,351</u>	<u>21,115</u>
Total Functional Expenses	\$ 4,750,927	\$ 302,310	\$ 564,818	\$ 867,128	\$ 5,618,055	\$ 4,750,131

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

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 their 15-town service area. United Way is a local, volunteer-led organization working together with community leaders, not-for-profit organizations, community volunteers, and businesses to focus on the most pressing needs in the communities of Northern Fairfield County, Southern Litchfield County, and Stamford, Connecticut.

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.

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**mloyed). 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.

In November 2019, United Way formed a single-member Limited Liability Company, Prosperity Digital Marketplace, LLC (LLC). The purpose of the LLC is to develop, operate and license a technology platform that delivers needed services to ALICE households that struggle to pay for basic necessities, such as food, housing, child care, health care and transportation, as determined by United Way.

The LLC qualifies as a disregarded entity under Internal Revenue Service regulations, and accordingly, their financial activities are reported within the tax returns of United Way.

United Way has one governing board of directors (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.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

NOTE 1 - NATURE OF OPERATIONS (CONTINUED)

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 not-for-profit board service training are among the services provided by United Way.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial activities of United Way and the LLC (collectively, the Organization) are reported within the consolidated financial statements. Intercompany balances and transactions have been eliminated during consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restriction

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 the Organization's Board.

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

The Board has also designated certain net assets without donor restriction.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Net Assets With Donor Restriction

Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization 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, 2021 and 2020, the Organization has no net assets to be maintained in perpetuity.

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

Revenue Recognition

The Organization recognizes revenue from cost-reimbursable federal, state and city grants, which are conditioned upon certain performance requirements and/or the incurrence of certain allowable qualifying expenses, when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position.

The Organization recognizes contributions, designations and sponsorships when cash, securities, an unconditional promise to give, other assets, a notification of a beneficial interest, or a notification from other United Ways that an amount designated by a donor to an agency in the Organization's footprint are received. Conditional promises to give, that is, those with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

The Organization recognizes fees and other income at a point in time, when they have satisfied their performance obligations, which is when the underlying services have been provided.

Revenue Received in Advance

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

Support and Revenues

Contributions and Campaign Revenue

Contributions received or promises to give without donor-imposed restrictions are reflected as net assets without donor restriction. Contributions received or promises to give with donor-imposed restrictions are reflected as net assets with donor restriction in the accompanying consolidated financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenues (continued)

Contributions and Campaign Revenue (continued)

Contributions or promises to give with donor-imposed conditions are not recognized as contributions or promises to give in the accompanying consolidated financial statements until the period when the conditions are met.

Promises to give that are expected to be received within one year of the consolidated financial statement date are reflected at their net realizable value (the gross amount of the promises to give, net of an allowance for uncollectible promises). Promises to give that are expected to be collected more than one year after the consolidated 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 donors to be paid to specific agencies or other United Ways (Designations) are considered agency transactions. Such Designations are reflected, net of a provision for uncollectible Designations, in the accompanying consolidated statement of activities as part of total amounts raised in campaigns, but are not considered to be part of the campaign revenue of the Organization and are therefore deducted to reflect the Organization's campaign revenue. The Organization earns administrative fees for the processing of designated contributions. The Organization has included in total revenues amounts raised by other United Ways that were designated by donors to be paid to the Organization. In addition, the Organization 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 the Organization's Board from funds raised in the annual campaign. The Organization recognizes an expense and a liability when amounts are communicated to the partner organizations operating the programs in an award letter. The Organization has presented in the accompanying consolidated statement 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 and Designations

An allowance for uncollectible promises to give and Designations 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 collectability.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Organization's planning, budgeting and community fund grants and other distribution activities and 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 the Organization during either of the years ended June 30, 2021 and 2020 were required to be recognized in the accompanying consolidated financial statements.

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

	<u>2021</u>	<u>2020</u>
In-kind and Non-Cash Contributions:		
Back to School Program	\$ 3,450	\$17,337
Children's Accessories	18,233	1,041
Media Advertising	52,264	35,061
ALICE Emergency Fund Covid	48,380	-
Volunteer Center Programs	-	25,510
Mobile Food Pantries	10,928	375
Fund-raising Events - Auction Items	<u>-</u>	<u>100</u>
 Total	 <u>\$133,255</u>	 <u>\$79,424</u>
 In-kind and Non-Cash Expenses:		
Education	\$ 3,450	\$17,337
Basic Needs	18,233	1,041
Printing and Promotion	52,264	35,061
Other Community Investments	48,380	-
Volunteerism	-	25,510
Food Security	10,928	375
Fund-raising Events	<u>-</u>	<u>100</u>
 Total	 <u>\$133,255</u>	 <u>\$79,424</u>

Cash Equivalents and Statement of Cash Flows

The Organization 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.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. Interest and investment income, net, includes realized gains and losses, unrealized appreciation or depreciation on investments, interest and dividends.

Improvements, Furniture, Equipment and Software

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

Compensated Absences

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

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying consolidated statement of activities. The consolidated 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 the Organization on an equitable basis. Salaries, related benefits, professional and consulting fees, office supplies and postage, telephone and internet, printing and promotion, insurance, conferences, training and travel, dues and subscriptions, and United Way Worldwide dues are allocated based on time and effort of individual employees. Occupancy costs and depreciation and amortization are allocated based on the square footage utilized by the various programs and support services.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through November 1, 2021, the date the consolidated 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.

Reclassification

Certain amounts for 2020 have been reclassified, where appropriate, to conform to the 2021 presentation.

NOTE 3 - CONCENTRATION OF CASH CREDIT RISK

The Organization 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. The money market and investment accounts are insured by the Securities Investor Protection Corporation up to \$500,000. At times during the year, cash, money market and investment balances may have exceeded the insured limits. The Organization believes it is not exposed to any significant credit risk on cash.

NOTE 4 - LIQUIDITY

The Organization 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, 2021 and 2020, the following financial assets are available to meet annual operating needs of the years ending June 30, 2022 and 2021, respectively:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 2,365,810	\$ 1,995,198
Unrestricted Investments	4,854,749	2,996,863
Promises to Give, Net	3,251,933	1,111,604
Designations Receivable from Others, Net	<u>37,659</u>	<u>46,232</u>
Total	10,510,151	6,149,897
Less: Amounts Not Available for Use Within One Year:		
Net Assets With Donor Restriction, Purpose, Not Expected to be Satisfied Within One Year	284,974	72,272
Net Assets With Donor Restriction, Time and Purpose, Not Expected to be Satisfied Within One Year	682,074	2,644,182
Net Assets Without Donor Restriction - Board Designated Not Expected to be Satisfied Within One Year	<u>6,464,603</u>	<u>2,069,321</u>
Financial Assets Available to Meet General Expenditures over the Next Year	<u>\$ 3,078,500</u>	<u>\$ 1,364,122</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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NOTE 5 - INVESTMENTS

U.S. GAAP has 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 are inputs other than quoted prices included within Level 1 that are observable for the asset or liability 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>2021</u>				
Total Investments	\$ <u>4,854,749</u>	\$ <u> </u> -	\$ <u> </u> -	\$ <u>4,854,749</u>
<u>2020</u>				
Total Investments	\$ <u>2,996,863</u>	\$ <u> </u> -	\$ <u> </u> -	\$ <u>2,996,863</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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NOTE 5 - INVESTMENTS (CONTINUED)

The Organization's investments are comprised of money market funds, fixed income securities, equity mutual funds and exchange traded funds. Fair value for these investments is based on quoted marked prices and published net asset values. Investments at June 30, consist of the following:

<u>2021</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 276,901	\$ 276,901	\$ -
Fixed Income Securities	1,338,369	1,310,598	27,771
Equity Mutual Funds	<u>2,418,202</u>	<u>1,750,099</u>	<u>668,103</u>
Total	<u>4,033,472</u>	<u>3,337,598</u>	<u>695,874</u>
At Commonwealth Financial Network:			
Money Market Funds	73,403	73,403	-
Fixed Income Securities	308,638	303,187	5,451
Equity Mutual Funds	<u>439,236</u>	<u>229,283</u>	<u>209,953</u>
Total	<u>821,277</u>	<u>605,873</u>	<u>215,404</u>
Total Investments	<u>\$4,854,749</u>	<u>\$3,943,471</u>	<u>\$911,278</u>
<u>2020</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 279,422	\$ 279,422	\$ -
Fixed Income Securities	791,127	763,004	28,123
Equity Mutual Funds	<u>1,235,101</u>	<u>968,943</u>	<u>266,158</u>
Total	<u>2,305,650</u>	<u>2,011,369</u>	<u>294,281</u>
At Commonwealth Financial Network:			
Money Market Funds	76,474	76,474	-
Equity Mutual Funds	491,801	384,044	107,757
Exchange Traded Funds	<u>122,938</u>	<u>115,572</u>	<u>7,366</u>
Total	<u>691,213</u>	<u>576,090</u>	<u>115,123</u>
Total Investments	<u>\$2,996,863</u>	<u>\$2,587,459</u>	<u>\$409,404</u>

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NOTE 5 - INVESTMENTS (CONTINUED)

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

	<u>2021</u>	<u>2020</u>
Interest Income	\$ 2,196	\$ 621
Dividend Income, Including Capital Gain Distributions	84,719	78,019
Net Realized Gain on Sale of Investments	95,937	23,670
Unrealized Appreciation on Investments	<u>501,874</u>	<u>17,341</u>
Net	<u>\$684,726</u>	<u>\$119,651</u>

Net realized gain on sale of investments for the years ended June 30 was as follows:

	<u>2021</u>	<u>2020</u>
Proceeds	\$1,588,197	\$ 477,081
Cost	<u>(1,492,260)</u>	<u>(453,411)</u>
Net	<u>\$ 95,937</u>	<u>\$ 23,670</u>

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

Concentrations of credit risk arise due to the Organization's solicitation of promises for charitable contributions from companies and individuals located within the western Connecticut area. The Organization does not obtain collateral for its promises, but monitors the status of its past due receivables and provides an allowance for uncollectible promises. The Organization had one and two major corporate donors, including their employees, as well as two and one individual donors during the years ended June 30, 2021 and 2020, that accounted for approximately 31% and 40% of total amounts raised in campaigns, and one and three corporate donors that accounted for approximately 31% and 61% of amounts raised on behalf of others, respectively. Amounts due from one donor was approximately 63% and 12% of gross promises to give for the years ended June 30, 2021 and 2020, respectively.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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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, 2021, and promises to give, net at June 30, 2021, primarily from the 2020-2021 campaign, were comprised of the following:

<u>Annual Campaign Support</u>	
Local Campaign Promises - Due in One Year or less	\$ 1,872,022
Local Campaign Promises - Due in One to Five Years (a)	<u>602,419</u>
Total	2,474,441
Less: Allowance for Uncollectible Accounts	<u>(42,631)</u>
Net Annual Campaign Support	2,431,810
 <u>Other Contributions</u>	
Legacy Gift - Estate of Ernest Moorey - Due in One Year or Less	4,250,000
 <u>Amounts Collected</u>	
Local Campaign Promises	(1,388,884)
Legacy Gift - Estate of Ernest Moorey	<u>(2,000,220)</u>
Promises to Give, Before Designation to Other Agencies	3,292,706
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(40,773)</u>
Promises to Give, Net	<u>\$ 3,251,933</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, 2021, and no allowance for uncollectible promises has been established.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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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, 2020, and promises to give, net at June 30, 2020, primarily from the 2019-2020 campaign were comprised of the following:

Annual Campaign Support

Local Campaign Promises - Due in One Year or less	\$ 2,445,013
Local Campaign Promises - Due in One to Five Years (b)	<u>907,168</u>
Total	3,352,181
Less: Allowance for Uncollectible Accounts	<u>(93,550)</u>
Net Annual Campaign Support	3,258,631

Amounts Collected

Local Campaign Promises	<u>(2,096,052)</u>
Promises to Give, Before Designation to Other Agencies	1,162,579
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(50,975)</u>
Promises to Give, Net	<u>\$ 1,111,604</u>

(b) 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, 2020, and no allowance for uncollectible promises has been established.

NOTE 7 - IMPROVEMENTS, FURNITURE, EQUIPMENT AND SOFTWARE, NET

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

	<u>2021</u>	<u>2020</u>
Leasehold Improvements	\$ 2,468	\$ 2,468
Office Furniture, Equipment and Software	<u>567,468</u>	<u>199,425</u>
	569,936	201,893
Less: Accumulated Depreciation and Amortization	<u>(159,481)</u>	<u>(131,130)</u>
Improvements, Furniture, Equipment and Software, Net	<u>\$410,455</u>	<u>\$ 70,763</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 8 - AGENCY ASSETS AND LIABILITIES

Designations

The Organization 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.

Fiscal Processing Arrangements

The Organization 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 consist of the following:

	<u>2021</u>	<u>2020</u>
Agency Assets:		
Cash	\$29,713	\$20,007
Promises to Give, Net	<u>40,773</u>	<u>50,975</u>
Total	<u>\$70,486</u>	<u>\$70,982</u>
Agency Liabilities:		
Designations	\$40,773	\$50,975
Fiscal Processing Arrangements:		
Car Seat Safety Program	5,113	4,732
Walking Project	3,098	1,497
New Milford Substance Abuse	<u>21,502</u>	<u>13,778</u>
Total	<u>\$70,486</u>	<u>\$70,982</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 9 - LINE OF CREDIT

The Organization has a \$500,000 revolving line of credit agreement, subject to annual review and renewal. The line of credit bears interest at the prime rate plus 1.0%. The prime rate at June 30, 2021 and 2020 was 3.25%. The line of credit is secured by the investments in the account at the brokerage affiliate of Union Savings Bank, with the Organization being required to maintain a minimum balance of \$1,000,000. The Organization's Board 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, 2021 and 2020. There was no interest expense on the line of credit for either of the years ended June 30, 2021 and 2020.

NOTE 10 - NET ASSETS

Net Assets Without Donor Restriction - Board Designated

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

Children's Programs and Services

These amounts consist of the unexpended portion of an initial \$3,400,000 from 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 \$309,666 as of June 30, 2021 and 2020.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

(with comparative totals for 2020)

NOTE 10 - NET ASSETS (CONTINUED)

Board Designated - Other

	<u>2021</u>	<u>2020</u>
Stabilization Reserve Fund (a)	\$ 656,583	\$ 542,303
Stamford Society (b)	-	1,155
Future Community Impact Awards (c)	109,747	109,747
Stamford Rent and Operations (d)	220,000	280,000
Furthering Volunteerism (e)	155,419	160,419
HRA Benefit Plan (f)	-	15,000
ALICE Enrichment Fund (g)	11,500	41,000
Community Impact Operations (h)	1,357,168	1,471,448
Legacy Gift (i)	<u>4,143,936</u>	<u>-</u>
Total	<u>\$6,654,353</u>	<u>\$2,621,072</u>

- (a) Designated to insure against unforeseen campaign, economic and organizational circumstances.
- (b) The Board approved the designation of certain net assets without restriction, 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 was 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. These funds were fully expended during the year ended June 30, 2021.
- (c) The Board designated \$70,993 and \$43,004 from amounts raised in the 2010-2011 and 2019-2020 campaigns, respectively, plus an additional \$70,000 approved from the proceeds of the sale of the Stamford facility, to be awarded to selected agencies. Of the amount, \$109,747 remained designated at June 30, 2021 and 2020.
- (d) The Board 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 \$220,000 and \$280,000 remained designated at June 30, 2021 and 2020, respectively.
- (e) The Board had designated \$340,000 for activities and programs to encourage volunteerism, of which \$155,419 and \$160,419 remained designated as of June 30, 2021 and 2020, respectively.
- (f) During the year ended June 30, 2020, the Board designated \$15,000 of remaining funds from the 2019-2020 employee health reimbursement plan to fund reimbursements for the 2020-2021 plan. These funds were fully expended during the year ended June 30, 2021.
- (g) The Board had designated \$43,500 for activities related to the ALICE Enrichment Fund of which \$11,500 and \$41,000 remained designated at June 30, 2021 and 2020, respectively.
- (h) At June 30, 2021 and 2020, the Board had designated \$1,357,168 and \$1,471,448 for future grants or endowments for community impact programs, respectively.
- (i) During the year ended June 30, 2021, the Board designated \$4,250,000 received from the estate of Ernest Moorey for future programs and operations, of which \$4,143,936 remained designated as of June 30, 2021.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 10 - NET ASSETS (CONTINUED)

Net Assets With Donor Restriction

Net assets with donor restriction at June 30 were restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Purpose Restricted:		
ALICE Programs	\$ 398,195	\$ 128,295
ALICE Saves	176,387	102,197
Financial Opportunity Center	63,302	63,302
Ready Set - Lets Read	-	1,526
Heart of Gold Scholarship	-	5,000
Total Purpose Restricted	<u>637,884</u>	<u>300,320</u>
Time and Purpose Restricted:		
Back to School	20,236	20,896
Working Cities - FCCF	20,000	51,264
Agewell CT Ambassador Program	125,640	112,535
The Volunteer Center - Save Program	29,400	27,776
Stamford Cradle to Career	306,290	133,225
Stamford Food Collaborative	-	5,000
ALICE Long Term Sustainability	1,245,950	1,729,267
ALICE Emergency Fund - COVID Response	-	153,187
ALICE Long Term Sustainability - Food Policy Manager	214,875	78,906
Food Security Program	-	23,751
Healthy Savings Program	122,800	30,400
The Sandra L. and John P. Rankin Education and Income Fund	<u>111,356</u>	<u>111,356</u>
Total Time and Purpose Restricted	<u>2,196,547</u>	<u>2,477,563</u>
Total Net Assets With Donor Restriction	<u>\$2,834,431</u>	<u>\$2,777,883</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 10 - NET ASSETS (CONTINUED)

Net Assets With Donor Restriction (continued)

Net assets released from donor restriction 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>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
ALICE Saves	\$ 102,197	\$ 11,261
ALICE Programs	16,100	-
Ready Set - Lets Read	1,526	-
Financial Opportunity Center	-	11,000
Heart of Gold Scholarship	<u>5,000</u>	<u>5,000</u>
Total Purpose Restrictions	<u>124,823</u>	<u>27,261</u>
Expiration of Time Restrictions:		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>-</u>	<u>26,574</u>
Expiration of Time and Purpose Restrictions:		
Back to School	20,896	10,029
Working Cities	51,264	-
The Volunteer Center - Save Program	27,776	-
Youth Volunteer Program	-	42,834
Stamford Cradle to Career	96,200	-
Stamford Food Collaborative	5,000	-
Agewell CT Ambassador Program	112,535	-
ALICE Long Term Sustainability	503,817	-
ALICE Emergency Fund - COVID Response	153,187	-
ALICE Long Term Sustainability - Healthy Savings	-	30,000
ALICE Senior Program	-	8,000
ALICE - Long Term Sustainability - Food Policy Manager	78,906	61,696
ALICE - Stamford Cradle to Career	-	3,000
Food Security	23,751	-
Healthy Savings Program	30,400	-
Summer Start Program	-	5,000
Buck Middle School Transition Program	-	27,894
Almira Foundation - Financial Opportunity Center	<u>-</u>	<u>54,965</u>
Total Time and Purpose Restrictions	<u>1,103,732</u>	<u>243,418</u>
Total	<u>\$1,228,555</u>	<u>\$297,253</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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NOTE 11 - GRANTS

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

<u>2021</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
State of Connecticut - Office of Early Childhood	\$ -	\$116,876
Working Cities - Community Development Block Grant	-	4,358
Emergency Food and Shelter	-	133,782
Danbury Grant for Vaccine Equity Partnership	-	13,799
Stamford Public School	-	399,378
Small Business Administration (SBA) - Paycheck Protection Program (PPP)	-	131,510
Cora's Kids Sparkler Grant	-	23,683
Working Cities Challenge Grant	<u>-</u>	<u>163,255</u>
Total	<u>\$ -</u>	<u>\$986,641</u>
<u>2020</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
State of Connecticut - Office of Early Childhood	\$ -	\$ 87,476
Working Cities - Community Development Block Grant	-	20,378
Emergency Food and Shelter	-	324,530
Danbury Grant for Social Services	-	252,750
Let's Go Grant	-	5,757
Small Business Administration (SBA) - Paycheck Protection Program (PPP)	131,510	230,790
Cora's Kids Sparkler Grant	-	42,353
Working Cities Challenge Grant	<u>13,255</u>	<u>142,156</u>
Total	<u>\$144,765</u>	<u>\$1,106,190</u>

At June 30, 2021 and 2020, certain grant programs have funding periods that extend beyond June 30, 2021 and 2020, respectively. Grant receivables have been reflected in the accompanying financial statements for any programs where allowable expenditures have exceeded payments received from grantors as of June 30, 2021 and 2020. Refundable advances on grants represent payments received in excess of expenditures incurred.

As of June 30, 2021 and 2020, the Organization had remaining uncollected and unearned award balances on grants of approximately \$690,700 and \$160,800, respectively. These award balances are not recognized as assets and will be recognized as revenue as the grants progress and conditions are met, generally as expenses are incurred.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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NOTE 12 - DESIGNATIONS FROM OTHER UNITED WAYS, NET

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

	<u>2021</u>	<u>2020</u>
Gross Revenue	\$152,106	\$153,217
Less: Provision for Uncollectible Designations	<u>(13,797)</u>	<u>(15,783)</u>
Designations from Other United Ways, Net	<u>\$138,309</u>	<u>\$137,434</u>

NOTE 13 - FUNDRAISING

The Organization'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. Several of these events were not held during the years ended June 30, 2021 or 2020 due to the COVID-19 pandemic. A summary of fund-raising activities for the years ended June 30, is as follows:

	<u>2021</u>	<u>2020</u>
<u>Revenue</u>	\$7,000	\$14,716
<u>Expenses</u>		
Fund-raising and Other Event Expenses	<u>—</u>	<u>21,702</u>
Net Revenue (Expense)	<u>\$7,000</u>	<u>\$(6,986)</u>

NOTE 14 - SMALL BUSINESS ADMINISTRATION - PAYROLL PROTECTION PROGRAM

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act created a new program administered by the SBA called the PPP. The PPP provides loans to qualifying businesses for up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest will be forgivable after twenty-four weeks as long as the Organization uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the twenty-four week period unless the Organization meets certain conditions. The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with deferred payments for the first six months.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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**NOTE 14 - SMALL BUSINESS ADMINISTRATION - PAYROLL PROTECTION PROGRAM
(CONTINUED)**

During the year ended June 30, 2020, the Organization received loan proceeds of \$362,300 under the PPP. The Organization concluded that the PPP represented, in substance, a grant that was expected to be forgiven and accounted for the proceeds from the PPP in accordance with ASC 958-605: *Not-for-Profit Entities - Revenue Recognition (ASC 958-605)*. Under ASC 958-605, proceeds from the PPP are conditional and are initially recorded as a refundable advance. The refundable advance is then reduced and income is recognized once the conditions of release have been substantially met or explicitly waived. During the years ended June 30, 2021 and 2020, the Organization estimated that they had incurred \$131,510 and \$230,790 of qualifying expenses, respectively, and determined they had met the requirements for forgiveness. Accordingly, the Organization recognized \$131,510 and \$230,790 of grant revenues for the years ended June 30, 2021 and 2020, respectively. A refundable advance balance of \$131,510 had been recorded as of June 30, 2020 relating to the PPP.

In November 2020, the Organization received full forgiveness of the PPP loan from the SBA.

NOTE 15 - REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues

For the years ended June 30, 2021 and 2020, fees and other income recognized under Topic 606, at a point in time, were \$19,530 and \$36,194, respectively.

The Organization's revenue, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions, geographical regions of donors and sponsors, type of contract and contract duration.

NOTE 16 - RETIREMENT AND BENEFIT PLANS

The Organization has a 401(k) plan to which it contributed 7% of each eligible employee's salary and matched 50% of each eligible employee's voluntary pre-tax contributions, up to 2% of their salaries. During the year ended June 30, 2021, the Organization eliminated its 7% contribution of each eligible employee's salary.

The Organization also has a tax deferred annuity plan under Internal Revenue Service Section 403(b), to which no Organization contributions have been made. These assets remain in a separate account maintained by the plan administrator.

Employer contributions of approximately \$16,400 and \$106,000 for the years ended June 30, 2021 and 2020, respectively, are included in employee benefits.

The Organization also provides an Employee Health Reimbursement Account benefit for full time employees. The plan provides for reimbursable expenses up to \$1,750 for individual coverage and \$2,750 for family coverage toward the annual health insurance plan deductible.

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NOTE 17 - LEASE ARRANGEMENTS

Equipment Leases

The Organization leases office equipment under several leases expiring at various dates through December 2022 at a present monthly rental aggregating approximately \$2,100.

Automobile Lease

In August 2018, the Organization entered into an agreement to lease an automobile at a monthly payment of approximately \$400 for 39 months. The lease required an initial down payment of \$5,050.

Rental Expense - Litchfield

The Organization leases office space in New Milford, Connecticut, on a month-to-month basis for \$300 per month in order to service the Southern Litchfield County community.

Rental Expense - Stamford

The Organization has a lease agreement for office space in the downtown Stamford, Connecticut area through August 2022. Monthly payments range from \$8,708 to \$9,302 for the remainder of the lease. The lease provides for a security deposit in the amount of \$15,000. The Organization 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, the Organization's share will be increased accordingly. Additionally, The Organization 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

The Organization has a lease agreement for office space in Danbury, Connecticut, through July 2022, at a monthly rate of \$4,006. The Organization is responsible for its share of utilities. The Organization has the option to renew this lease for an additional four years, at a monthly rate of \$4,188, 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, 2021 were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$159,497
2023	<u>13,308</u>
Total	<u>\$172,805</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

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JUNE 30, 2021

(with comparative totals for 2020)

NOTE 18 - CONTINGENCY

The COVID-19 outbreak is continuing to disrupt supply chains and affect production and revenues across a range of industries and not-for-profit organizations. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's donors, sponsors, employees and vendors, all of which are uncertain and cannot be predicted. The extent to which COVID-19 may continue to impact the Organization's financial condition or results of operations is uncertain as of the date of these financial statements.

The Organization has available funding of \$500,000 from its line of credit, which will help with cash flow needs over the next twelve months, if necessary.

NOTE 19 - PRIOR YEAR INFORMATION

The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements at June 30, 2020 and for the year then ended, from which the summarized information was derived.