

**UNITED WAY OF GREATER WATERBURY**  
*Financial Statements*  
**June 30, 2010**

**UNITED WAY OF GREATER WATERBURY**  
**TABLE OF CONTENTS**

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Independent Auditor's Report..... 1

Financial Statements:

    Statement of Financial Position..... 2

    Statement of Activity and Changes in Net Assets..... 3

    Statement of Functional Expenses..... 4

    Statement of Cash Flows..... 5

Notes to the Financial Statements..... 6

Schedule I - Allocations to Agencies..... 16

**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
United Way of Greater Waterbury  
Waterbury, Connecticut

We have audited the accompanying statement of financial position of the

**UNITED WAY OF GREATER WATERBURY**  
*(a nonprofit organization)*

as of June 30, 2010, and the related statement of activities and changes in net assets, statement of functional expenses, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Organization's fiscal year ended June 30, 2009, financial statements and, in our report dated August 16, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Greater Waterbury as of June 30, 2010, and the results of its operations and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Kircaldie Randall, McNab LLC*

North Haven, Connecticut  
August 15, 2010

**UNITED WAY OF GREATER WATERBURY  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 435,999	\$ 162,350
Certificates of deposit	217,024	216,701
Investments, at market value	1,264,610	1,475,776
Pledges receivable, net	1,399,312	1,296,389
Other receivable	74,347	68,157
Prepaid expenses	10,278	14,309
Total current assets	<u>\$ 3,401,570</u>	<u>\$ 3,233,682</u>
<b>Fixed assets</b>	<u>\$ 42,347</u>	<u>\$ 53,646</u>
<b>Long term assets:</b>		
Security deposits	<u>\$ 3,167</u>	<u>\$ 3,167</u>
Total assets	<u><u>\$ 3,447,084</u></u>	<u><u>\$ 3,290,495</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Allocations and grants payable to designated agencies	\$ 2,354,873	\$ 2,156,104
Accounts payable and accrued expenses	23,434	3,237
Due to affiliates	13,201	12,524
Total current liabilities	<u>\$ 2,391,508</u>	<u>\$ 2,171,865</u>
<b>NET ASSETS</b>		
<b>Unrestricted:</b>		
Unappropriated	\$ 150,291	\$ 176,846
Designated — Investment in plant and equipment	42,347	53,646
Designated — Board designated emergency fund	275,000	275,000
Total unrestricted net assets	<u>\$ 467,638</u>	<u>\$ 505,492</u>
<b>Temporarily restricted</b>	<u>587,938</u>	<u>613,138</u>
Total net assets	<u>\$ 1,055,576</u>	<u>\$ 1,118,630</u>
Total liabilities and net assets	<u><u>\$ 3,447,084</u></u>	<u><u>\$ 3,290,495</u></u>

KIRCALDIE, RANDALL & McNAB LLC

See accountant's report and accompanying notes to the financial statements

**UNITED WAY OF GREATER WATERBURY  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010**

*(with summarized financial information for the year ended June 30, 2009)*

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Combined Total
<b>Revenues, Gains, and Other Support:</b>				
<b>Campaign applicable to current period:</b>				
Contributions:				
Campaign	\$ 3,228,077	\$ 31,500	\$ 3,259,577	\$ 3,501,082
Other United Ways	74,980		74,980	89,282
Net assets released from restriction	134,160	(134,160)		
Gross Contributions	\$ 3,437,217	\$ (102,660)	\$ 3,334,557	\$ 3,590,364
Donor directed gifts	(1,295,009)		(1,295,009)	(1,336,021)
Uncollectible pledge expense	(192,368)		(192,368)	(253,813)
Net Contributions	\$ 1,949,840	\$ (102,660)	\$ 1,847,180	\$ 2,000,530
<b>Other Support:</b>				
Sponsorship income	\$ 66,251	\$	\$ 66,251	\$ 63,500
Investment income	19,708	(4,111)	15,597	(70,832)
Support activities income	187,246		187,246	320,158
Administrative fees	57,780		57,780	74,291
Miscellaneous income	10,933		10,933	788
Total other support	\$ 341,918	\$ (4,111)	\$ 337,807	\$ 387,905
Total revenue	\$ 2,291,758	\$ (106,771)	\$ 2,184,987	\$ 2,388,435
<b>Allocations and Other Functional Expenses:</b>				
<b>Allocations:</b>				
Allocations to agencies from campaign	\$ 1,163,637		\$ 1,163,637	\$ 1,251,783
Special allocations	158,192		158,192	343,681
Total allocations	\$ 1,321,829		\$ 1,321,829	\$ 1,595,464
<b>Other functional expenses:</b>				
Allocations and Agency relations	\$ 75,600		\$ 75,600	\$ 32,335
Community planning	104,542		104,542	103,539
Community relations	116,000		116,000	90,786
Other programs	325,291		325,291	431,127
Total program services expenses	\$ 621,433		\$ 621,433	\$ 657,787
Fund raising	\$ 152,874		152,874	186,691
Management and general	227,301		227,301	305,913
Total support services expenses	\$ 380,175		\$ 380,175	\$ 492,604
Total other functional expenses	\$ 1,001,608		\$ 1,001,608	\$ 1,150,391
Total allocations and expenses	\$ 2,323,437		\$ 2,323,437	\$ 2,745,855
<b>Change in Net Assets from Operations</b>	\$ (31,679)	\$ (106,771)	\$ (138,450)	\$ (357,420)
Unrealized gain and (losses) from investments	(6,175)	81,571	75,396	(65,315)
<b>Change in Net Assets</b>	\$ (37,854)	\$ (25,200)	\$ (63,054)	\$ (422,735)
<b>Net Assets, beginning of year</b>	505,492	613,138	1,118,630	1,541,365
<b>Net Assets, end of year</b>	\$ 467,638	\$ 587,938	\$ 1,055,576	\$ 1,118,630

KIRCALDIE, RANDALL & McNAB LLC

See accountant's report and accompanying notes to the financial statements

**UNITED WAY OF GREATER WATERBURY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*(with summarized financial information for the year ended June 30, 2009)*

	Program Services					Support Services			2010 Total	2009 Total
	Allocations and Agency Relations	Community Planning	Community Relations	Other Programs	Total	Fund Raising	Management and General	Total		
<b>ALLOCATIONS TO AGENCIES</b>	\$ 1,163,637				\$ 1,163,637				\$ 1,163,637	\$ 1,251,783
<b>SPECIAL ALLOCATIONS</b>	\$ 158,192			\$ 0	\$ 158,192				\$ 158,192	\$ 343,681
<b>COMMUNITY &amp; AGENCY SERVICES PROVIDED BY THE UNITED WAY:</b>										
<b>Salaries and related expenses:</b>										
Professional salaries	\$ 45,586	\$ 63,038	\$ 69,947	\$ 51,312	\$ 229,883	\$ 88,944	\$ 135,666	\$ 224,610	\$ 454,493	\$ 434,070
Employee benefits	6,393	8,840	9,809	7,196	32,238	12,473	19,025	31,498	63,736	51,881
Payroll taxes	3,683	5,093	5,651	4,146	18,573	7,186	10,961	18,147	36,720	34,567
Total salaries and related expenses	\$ 55,662	\$ 76,971	\$ 85,407	\$ 62,654	\$ 280,694	\$ 108,603	\$ 165,652	\$ 274,255	\$ 554,949	\$ 520,518
<b>Other expenses:</b>										
Rent	\$ 4,488	\$ 6,206	\$ 6,886	\$ 5,052	\$ 22,632	\$ 8,757	\$ 13,356	\$ 22,113	\$ 44,745	\$ 42,907
Office supplies & expenses	5,419	7,493	8,314	6,099	27,325	10,573	16,127	26,700	54,025	40,299
Postage	504	696	774	567	2,541	6,352	3,811	10,163	12,704	15,778
Telephone	718	993	1,102	808	3,621	1,401	2,137	3,538	7,159	6,875
Publicity and promotion	2,275	3,146	3,491	2,561	11,473	4,439	6,771	11,210	22,683	17,956
Conferences and meetings	564	779	865	634	2,842	1,100	1,677	2,777	5,619	657
Professional services	987	1,366	1,515	1,112	4,980	1,927	2,938	4,865	9,845	66,700
Insurance	649	898	996	731	3,274	1,266	1,931	3,197	6,471	7,663
Membership fees	2,580	3,568	3,959	2,904	13,011	5,034	7,680	12,714	25,725	25,798
Total other expenses	\$ 18,184	\$ 25,145	\$ 27,902	\$ 20,468	\$ 91,699	\$ 40,849	\$ 56,428	\$ 97,277	\$ 188,976	\$ 224,633
<b>Depreciation and amortization</b>	\$ 1,754	\$ 2,426	\$ 2,691	\$ 1,974	\$ 8,845	\$ 3,422	\$ 5,221	\$ 8,643	\$ 17,488	\$ 20,947
Total community and agency services expenses	\$ 75,600	\$ 104,542	\$ 116,000	\$ 85,096	\$ 381,238	\$ 152,874	\$ 227,301	\$ 380,175	\$ 761,413	\$ 766,098
Total allocations and expenses	\$ 1,397,429	\$ 104,542	\$ 116,000	\$ 85,096	\$ 1,703,067	\$ 152,874	\$ 227,301	\$ 380,175	\$ 2,083,242	\$ 2,361,562
<b>Designations by donors</b>	512,413				512,413				512,413	560,192
<b>Designated to other United Ways &amp; direct expenses</b>	782,596			\$ 240,195	1,022,791				1,022,791	1,160,122
Total	\$ 2,692,438	\$ 104,542	\$ 116,000	\$ 325,291	\$ 3,238,271	\$ 152,874	\$ 227,301	\$ 380,175	\$ 3,618,446	\$ 4,081,876

KIRCALDIE, RANDALL & McNAB LLC

**UNITED WAY OF GREATER WATERBURY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities:</b>		
Increase (decrease) in net assets	\$ (63,054)	\$ (422,735)
Depreciation charges not requiring cash outlay	17,488	20,947
Realized (gains) losses on investments	23,910	135,348
Unrealized (gains) losses on investments	(75,396)	65,315
In-kind donations	(6,189)	
(Increase) decrease in operating assets:		
Pledge receivable	(102,923)	(15,724)
Certificates of deposit	(323)	(522)
Other receivables	(6,190)	(3,141)
Other current assets	4,031	1,644
Security deposits		583
Increase (decrease) in operating liabilities:		
Allocations payable	198,769	(381,802)
Accounts payable	20,197	(57,410)
Due to affiliates	677	(7,344)
Net cash provided (used) by operating activities	<u>\$ 10,997</u>	<u>\$ (664,841)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of fixed assets	\$ 0	\$ (9,167)
Purchase of investments	(372,446)	(368,837)
Proceeds from sale of investments	635,098	632,268
Net cash provided (used) by investing activities	<u>\$ 262,652</u>	<u>\$ 254,264</u>
<b>Net increase (decrease) in cash</b>	<b>\$ 273,649</b>	<b>\$ (410,577)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>162,350</b>	<b>572,927</b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 435,999</u></b>	<b><u>\$ 162,350</u></b>

KIRCALDIE, RANDALL & McNAB LLC

See accountant's report and accompanying notes to the financial statements

## **UNITED WAY OF GREATER WATERBURY NOTES TO FINANCIAL STATEMENTS**

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United Way of Greater Waterbury supports non-profit agencies, programs and initiatives which provide services in ten-towns throughout the Greater Waterbury area. The towns which make up United Way's territory are: Bethlehem, Cheshire, Middlebury, Prospect, Southbury, Thomaston, Waterbury, Watertown, Wolcott and Woodbury.

The United Way of Greater Waterbury is a not-for-profit voluntary health and welfare agency, it is a leader in facilitating the identification of regional needs and supporting solutions that create sustained changes in community conditions and provide opportunities that empower people to build successful lives. In order to do this, United Way conducts an annual fundraising campaign and selects a limited number of focus issues and strategies in which to invest time, relationships, technology, expertise, money, and other resources in order to deliver measurable results.

United Way of Greater Waterbury is a member of United Way of America (UWA). Members of UWA have membership criteria to ensure that all members meet basic legal, financial and ethical standards to ensure consistent and transparent reporting among member United Ways. To remain a member in good standing, United Way certifies annually that it has met the basic criteria for membership to UWA.

### **NOTE 1 — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **Basis of Presentation**

The financial statements of the United Way of Greater Waterbury (the "United Way") have been prepared in conformity with the Not-for-Profit Organization Audit and Accounting Guide published by the American Institute of Certified Public Accountants.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the United Way of Greater Waterbury and changes therein are classified and reported as either: unrestricted net assets or temporarily restricted net assets.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

#### **Summary of Significant Accounting Policies**

The significant accounting policies by the United Way of Greater Waterbury are described below to enhance the usefulness of the financial statements to the reader.

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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**Cash and cash equivalents**

Cash and cash equivalents consists of the following at June 30, 2010 and 2009;

	<b><u>2010</u></b>	<b><u>Interest</u></b>	<b><u>2009</u></b>	<b><u>Interest</u></b>
	<b><u>Balance</u></b>	<b><u>Rate</u></b>	<b><u>Balance</u></b>	<b><u>Rate</u></b>
Petty cash	\$ 300		\$ 300	
Cash in bank – Checking includes overnight investments of \$359,062 in 2010 and \$213,617 in 2009	<u>435,699</u>	0.30%	<u>162,050</u>	0.30%
Total cash & equivalents	<u>\$ 435,999</u>		<u>\$ 162,350</u>	
Cash in bank – Certificate of deposit	\$ 50,000	0.85%	\$ 50,000	1.40%
Cash in bank – Certificate of deposit	50,000	0.05%	50,000	0.70%
Cash in bank – Certificate of deposit	17,024	1.14%	16,701	2.70%
Cash in bank – Certificate of deposit	<u>100,000</u>	0.20%	<u>100,000</u>	1.34%
Total CD's	<u>\$ 217,024</u>		<u>\$ 216,701</u>	

For the purposes of the statement of cash flows the United Way of Greater Waterbury considers all cash and other highly liquid investments with initial maturities of six months or less to be cash equivalents.

**Investments**

Investments are stated at market value.

**Public Support Recognition**

Fund-raising campaigns are conducted in the fall of each year to raise funds to be allocated to participating agencies in the following fiscal year. All contributions are considered available for unrestricted use unless specifically restricted by the donor as to the use of the donated assets. The public support income recognized in each fiscal year is from the campaign which occurred in the current fiscal year. Pledges are recorded in the balance sheet as receivables, and allowances are provided for amounts estimated to be uncollectible for each pledge year.

Any donations received by June 30, relating to the subsequent year's campaign are recorded as temporarily restricted net assets.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the estimated fair market value upon receipt.

**UNITED WAY OF GREATER WATERBURY**  
**NOTES TO FINANCIAL STATEMENTS**

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**Depreciation**

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets (5–10 years).

**Donated Materials and Services**

Donated materials and equipment are recorded as contributions at their estimated values at date of receipt. A substantial number of volunteers donated significant amounts of their time in the United Way's fundraising and other activities. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Contributions**

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

**Unpaid Allocations and Accrued Administration and Community Service Expenses**

Unpaid allocations related to the public support recognized in the fiscal year 2010 (Fall 2009 campaign) have been accrued at June 30, 2010, and public support recognized in the fiscal year 2009 (Fall 2008 campaign) have been accrued at June 30, 2009, in order to match allocations and expenses with pledge income from the fall campaigns.

**Tax Exempt Status**

The Organization is a not-for-profit organization that is exempt from income taxes under Section §501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

**Provision for Uncollectible**

The Provision for uncollectible pledges is computed based upon Management's estimates of current economic factors, applied to the gross campaign, including donor designations.

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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**Functional Allocation of Expenses**

Non-payroll costs which pertain to a single program (including fundraising and management and general) are charged directly to the applicable program. Non-payroll costs which pertain to more than one program are allocated between the benefitting programs using a meaningful allocation base. Those costs are generally allocated based on managements analysis of staff time. Non-payroll costs that cannot be specifically identified with a program are considered management and general costs. Payroll costs are recorded based on United Way’s analysis, based on periodic time studies, of time each employee spends on certain tasks during the year according to each employee’s job description, program goals and individual employee work plans. Employees can be involved in one program, more than one program, management and general, or a combination of program, fundraising and management and general functions.

**Recognition of Donor Restricted Contributions**

Donor–restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Reclassifications**

Certain amounts in the prior–year financial statements have been reclassified for comparative purposes to conform with the presentation in the current–year statements.

KIRCALDIE, RANDALL & McNAB LLC

**NOTE 2 — PLEDGE RECEIVABLES:**

Pledge receivables for the fiscal years ended June 30, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Outstanding Pledges:		
2009 Campaign	\$ 1,585,826	\$
2008 Campaign	<u>60,000</u>	<u>1,574,826</u>
Total Pledge receivable	<u>\$ 1,645,826</u>	<u>\$ 1,574,826</u>
Allowance for Uncollectible:		
2009 Campaign	\$ 246,514	\$
2008 Campaign	<u>246,514</u>	<u>278,437</u>
Total allowance	<u>\$ 246,514</u>	<u>\$ 278,437</u>
Net pledge receivable	<u>\$ 1,399,312</u>	<u>\$ 1,296,389</u>

**NOTE 3 — DONOR DIRECTED GIFTS:**

Through United Way’s Annual Community Campaign, donors can direct (designate) their gifts to any qualified 501(c)(3) organization.

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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United Way of America membership criteria require local United Ways charge donors no more than the actual cost incurred to process and transfer their designated gifts to the agency of their choice. The expenses incurred for the procession of donor directed gifts include, but are not limited to:

- Verification of designated agencies 501(c)(3) status;
- Agency certification;
- Maintenance of the database;
- Recording individual donor directed gift data;
- Processing payments;
- Quality reports with detailed information;
- Notification of payments forwarded to agencies receiving donor dollars.

Donor directed gift expenses (the costs incurred in processing/transferring designations) do not qualify and are not reported as community investment and program services.

Donor directed gifts of \$1,295,009 and \$1,336,021 at June 30, 2010 and 2009, respectively, are shown as a reduction in the amount reported as campaign amounts raised.

**NOTE 4 — EMPLOYEE BENEFIT PLAN:**

**Defined Contribution Plan:**

Effective January 1, 1994, the United Way of Greater Waterbury adopted a Defined Contribution Plan which covers employees who: a) are 21 years of age and b) have completed one year of eligible service with the United Way or another non-profit organization. Contributions to the plan are made by the United Way of Greater Waterbury, on behalf of the participant, at a rate of 7% of eligible pay. This rate was set by the United Way's Board of Directors, and is subject to revision at the Boards discretion on an annual basis. Total pension expense for 2010 and 2009 amounted to \$32,277 and \$19,771, respectively. Employees are fully vested after 3 years of service or attaining age 55.

**Elective deferrals:**

The United Way offers its employees a 403(b) plan whereby they may elect to voluntarily contribute pretax wages into the plan. Employee deferrals totaled \$35,913 and \$24,256 in 2010 and 2009 respectively.

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 — EQUIPMENT AND FIXTURES:**

Equipment and fixtures are valued at cost, or if donated, at estimated fair market value upon receipt. Fixed assets consist of the following:

	<u>2010</u>	<u>2009</u>
Equipment and fixtures	\$ 39,531	\$ 39,531
Leasehold improvements	38,581	38,581
Telecommunication equipment	13,648	13,648
Audio visual equipment	1,742	1,742
Strategic Plan	10,350	10,350
Computer software & hardware	<u>66,649</u>	<u>60,460</u>
	\$ 170,501	\$ 164,312
Less, accumulated depreciation	<u>128,154</u>	<u>110,666</u>
	<u>\$ 42,347</u>	<u>\$ 53,646</u>

Depreciation and amortization expense for the years ended June 30, 2010 and 2009, amounted to \$17,488 and \$20,947, respectively.

**NOTE 6 — LEASED PROPERTY:**

The United Way occupies its office facilities under a lease agreement which runs through April, 2011, with an option for one more (2) two year term and one more (5) five year term. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Annual Total</u>
2010-2011	\$ 40,754

The landlord holds a security deposit of in the amount of \$3,167.

**NOTE 7 — UNINSURED CASH BALANCES:**

The United Way of Greater Waterbury maintains their cash in bank deposits at (4) four high credit quality financial institutions. The balance at times may exceed federally insured limits. At June 30, 2010, the cash balances did not exceed the insured limit of \$250,000. The United Way does invest its excess cash from time to time in investment grade commercial and US Government Securities.

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 — INVESTMENTS:**

U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 - Significant other observable inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 - Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

The United Way's investments are in certificates of deposit and publicly traded securities. Fair value for these investments is based on quoted market prices and published net asset values. Investments at June 30, all of which are valued using Level 1 inputs, consisted of the following:

	<b>2010</b>		
	<u><b>Book Value</b></u>	<u><b>Market Value</b></u>	<u><b>Unrealized Gain (Loss)</b></u>
U.S. Government & agency securities	\$ 651,471	\$ 666,970	\$ 15,499
Corporate bonds	149,092	153,885	4,793
Equity securities	308,572	308,343	(229)
Mutual funds & money market funds	<u>143,332</u>	<u>135,412</u>	<u>(7,920)</u>
	<u>\$ 1,252,467</u>	<u>\$ 1,264,610</u>	<u>\$ 12,143</u>
	<b>2009</b>		
	<u><b>Book Value</b></u>	<u><b>Market Value</b></u>	<u><b>Unrealized Gain (Loss)</b></u>
U.S. Government & agency securities	\$ 752,282	\$ 772,064	\$ 19,782
Corporate bonds	149,091	143,694	(5,397)
Equity securities	334,375	273,141	(61,234)
Mutual funds & money market funds	<u>303,281</u>	<u>286,877</u>	<u>(16,404)</u>
	<u>\$ 1,539,029</u>	<u>\$ 1,475,776</u>	<u>\$ (63,253)</u>

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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Components of investment for the year ended June 30 are as follows:

	<u>2010</u>	<u>2009</u>
Unrestricted assets:		
Investment income	23,468	34,892
Realized gains (losses)	(2,329)	204
Unrealized gains (losses)	(6,175)	12,901
Investment related fees	(3,841)	(4,633)
Interest cash equivalents	<u>2,410</u>	<u>7,099</u>
Total	<u>\$ 13,533</u>	<u>\$ 50,463</u>
Temporarily restricted assets:		
Investment income	22,560	30,132
Realized gains (losses)	(21,582)	(131,962)
Unrealized gains (losses)	81,571	(78,216)
Investment related fees	(5,089)	(6,564)
Interest cash equivalents	<u>          </u>	<u>          </u>
Total	<u>\$ 77,460</u>	<u>\$ (186,610)</u>

**NOTE 9 — TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets amounted to \$587,938 as of June 30, 2010. This represents \$31,500 of advances on the campaign to be run in the fall of 2010 and \$556,438 of restricted donations for environment related programs.

Temporarily restricted net assets amounted to \$613,138 as of June 30, 2009. This represents \$34,411 of advances on the campaign to be run in the fall of 2009 and \$578,727 of restricted donations for environment related programs. During 2009 The United Way Board of Directors approved \$235,926 to be released from the MacDermid quasi endowment to be invested in the Waterbury Greenway Routing Study.

The MacDermid Funds were restricted by the donor and were intended to be used for the environment which is defined as "*neighborhoods, habitat, surroundings and settings or the aggregate of social and cultural conditions that influence the life of an individual or community*" (Webster Dictionary, 1990 & 1998). The United Way Emerging Needs Fund will distribute the funds to programs and initiatives that create real and lasting change in our community

During the years ended June 30, 2010 and 2009, \$134,160 and \$280,976 respectively, were released from temporarily restrictions to be used in accordance with the donor wishes.

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 — NET ASSET CLASSIFICATIONS:**

Unappropriated Net Assets: are made up of funds which are not specifically restricted as to their use. The majority of these funds are expected to be used to fund other community needs in the next fiscal year.

Temporarily Restricted Net Assets: are funds that were donated to the United Way of Greater Waterbury with donor imposed stipulations that may be or will be met, either by actions of the United Way and/or the passage of time.

Permanently Restricted Net Assets: are subject to donor-imposed stipulations that they be maintained permanently by the United Way.

The board has appropriated some unrestricted net assets into two classifications as follows:

Appropriated Investment in Plant & Equipment: are made up of all capitalized, net of depreciation, plant and equipment owned by the United Way of Greater Waterbury.

Appropriated Board Designated Emergency Fund: are funds that were set aside by the Board for future emergency program expenditures.

**NOTE 11 — ALLOCATIONS PAYABLE TO DESIGNATED AGENCIES:**

Allocations amounting to \$1,163,637, and \$1,251,783 were allocated to designated agencies as payable on June 30, 2010 and 2009, respectively. This balance represents twelve months of agencies allocation for the upcoming year.

**NOTE 12 — CONTINGENT LIABILITIES:**

The United Way of Greater Waterbury's personnel policies include the accrual of vacation time based on length of employment with the United Way of Greater Waterbury on a calendar year basis. At the end of the calendar year, if the vacation or sick time is not used it is not carried over to the next year. As these statements are prepared on a fiscal year end of June 30, there is some accumulated and unused vacation pay. At June 30, 2010 and 2009, the unrecorded liabilities were \$13,490 and \$11,460 respectively. No recognition of this liability has been made within these financial statements.

**NOTE 13 — BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:**

The United Way of Greater Waterbury, entered into an agreement with the Connecticut Community Foundation (the Foundation) to establish an endowment fund to benefit the Greater Waterbury community.

The Foundation has ultimate authority and control over the property in the fund and income derived from it. The income will be used for the support of the charitable educational and community purposes of the United Way of Greater Waterbury and its affiliated agencies.

**UNITED WAY OF GREATER WATERBURY  
NOTES TO FINANCIAL STATEMENTS**

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The United Way of Greater Waterbury receives distributions from this fund based on an annually established payout rate by the Foundation. The payout to the United Way may consist of all income and or capital appreciation of the fund, or a portion thereof, less a reasonable and allocable share of the Foundation's investment and administrative expenses. The payout shall be paid and distributed to the agency at least annually, or more frequently, if agreed to by the Foundation and the United Way.

The following is the detail of the endowment fund as of June 30, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Balance, July 1,	\$ 5,531	\$ 6,996
Contributions		
Interest and investment gain	712	(1,180)
Disbursements	<u>(286)</u>	<u>(285)</u>
Balance, June 30,	<u>\$ 5,957</u>	<u>\$ 5,531</u>

**UNITED WAY OF GREATER WATERBURY  
 ALLOCATIONS TO AGENCIES  
 FOR THE YEARS ENDED JUNE 30, 2010 and 2009**

KIRCALDIE, RANDALL & McNAB LLC

<u>Agencies</u>	<u>Allocations Approved 2010/11</u>	<u>Allocations Approved 2009/10</u>
American Red Cross — Waterbury	\$ 53,158	\$ 83,983
Boys and Girls Club	32,490	33,845
Catholic Family Services	51,295	53,432
Children's Community School	99,408	103,550
Connecticut Counseling Centers	5,942	6,190
Connecticut Junior Republic	44,261	46,105
Connecticut Legal Services	16,008	16,675
Connecticut River Council Boy Scouts	13,972	14,554
Families in Crisis	32,570	33,927
Family Service Association of Waterbury, Inc.	65,886	68,631
Girl Scouts of Connecticut	11,318	11,790
Girls Inc of Southwestern Connecticut	24,234	25,244
Greater Waterbury Interfaith Ministry	33,669	35,072
211/Infoline	33,313	35,602
Jewish Foundation of Waterbury	7,529	9,350
John Driscoll United Labor Agency	36,496	43,200
Kangaroo Korner	5,131	5,345
L.I.S.A. Beacon House	28,623	29,817
LaCasa Bienvenida	29,642	30,877
Literacy Volunteers	24,407	25,424
Mental Health Association of Connecticut	27,372	28,512
Morris Foundation Inc.	55,815	58,141
Nutmeg Big Brothers/Big Sisters	16,727	17,424
Safe Haven of Greater Waterbury	97,368	101,426
Salvation Army - Waterbury	48,646	50,674
Salvation Army-Cheshire		3,456
Stay Well Health Center	29,612	30,845
VNA Health at Home, Watertown	7,503	7,816
VNA Healthcare, Waterbury	35,077	36,539
Waterbury Day Nursery	23,739	24,728
Waterbury Youth Services	60,534	63,055
Wellpath	62,559	65,165
Y.M.C.A. — Cheshire	8,047	8,382
Y.M.C.A. — Waterbury	41,286	43,007
Total allocation to agencies	<u>\$ 1,163,637</u>	<u>\$ 1,251,783</u>

See accountant's report and accompanying notes to the financial statements