

UNITED WAY OF GREATER WATERBURY
Financial Statements
June 30, 2011

UNITED WAY OF GREATER WATERBURY
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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, 2011, 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, 2010, financial statements and, in our report dated August 16, 2010, 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, 2011, 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
September 16, 2011

**UNITED WAY OF GREATER WATERBURY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 618,396	\$ 435,999
Certificates of deposit	217,192	217,024
Investments, at market value	1,411,244	1,264,610
Pledges receivable, net	1,246,739	1,399,312
Other receivable	55,595	74,347
Prepaid expenses	11,556	10,278
Total current assets	<u>\$ 3,560,722</u>	<u>\$ 3,401,570</u>
Fixed assets	<u>\$ 30,386</u>	<u>\$ 42,347</u>
Long term assets:		
Security deposits	<u>\$ 3,167</u>	<u>\$ 3,167</u>
Total assets	<u><u>\$ 3,594,275</u></u>	<u><u>\$ 3,447,084</u></u>
LIABILITIES		
Current liabilities:		
Allocations and grants payable to designated agencies	\$ 2,514,976	\$ 2,354,873
Accounts payable and accrued expenses	25,982	23,434
Due to affiliates	12,223	13,201
Total current liabilities	<u>\$ 2,553,181</u>	<u>\$ 2,391,508</u>
NET ASSETS		
Unrestricted:		
Unappropriated	\$ 86,784	\$ 150,291
Designated — Investment in plant and equipment	30,386	42,347
Designated — Board designated emergency fund	275,000	275,000
Total unrestricted net assets	<u>\$ 392,170</u>	<u>\$ 467,638</u>
Temporarily restricted	<u>648,924</u>	<u>587,938</u>
Total net assets	<u>\$ 1,041,094</u>	<u>\$ 1,055,576</u>
Total liabilities and net assets	<u><u>\$ 3,594,275</u></u>	<u><u>\$ 3,447,084</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, 2011**

(with summarized financial information for the year ended June 30, 2010)

	2011			2010
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Combined Total</u>
Revenues, Gains, and Other Support:				
Campaign applicable to current period:				
Contributions:				
Campaign	\$ 3,347,263	\$ 31,000	\$ 3,378,263	\$ 3,259,577
Other United Ways	85,677		85,677	74,980
Net assets released from restriction	63,500	(63,500)		
Gross Contributions	\$ 3,496,440	\$ (32,500)	\$ 3,463,940	\$ 3,334,557
Donor directed gifts	(1,425,897)		(1,425,897)	(1,295,009)
Uncollectible pledge expense	(142,900)		(142,900)	(192,368)
Net Contributions	\$ 1,927,643	\$ (32,500)	\$ 1,895,143	\$ 1,847,180
Other Support:				
Sponsorship income	\$ 77,500	\$	\$ 77,500	\$ 66,251
Investment income	12,275	17,977	30,252	15,597
Support activities income	257,072		257,072	187,246
Special event revenue, net	26,129		26,129	
Administrative fees	65,368		65,368	57,780
Miscellaneous income	2,500		2,500	10,933
Total other support	\$ 440,844	\$ 17,977	\$ 458,821	\$ 337,807
Total revenue	\$ 2,368,487	\$ (14,523)	\$ 2,353,964	\$ 2,184,987
Allocations and Other Functional Expenses:				
Allocations:				
Allocations to agencies from campaign	\$ 1,175,058		\$ 1,175,058	\$ 1,163,637
Special allocations	157,027		157,027	158,192
Total allocations	\$ 1,332,085		\$ 1,332,085	\$ 1,321,829
Other functional expenses:				
Allocations and Agency relations	\$ 94,338		\$ 94,338	\$ 75,600
Community planning	63,720		63,720	104,542
Community relations	96,508		96,508	116,000
Other programs	465,138		465,138	325,291
Total program services expenses	\$ 719,704		\$ 719,704	\$ 621,433
Fund raising	\$ 177,122		\$ 177,122	152,874
Management and general	213,970		213,970	227,301
Total support services expenses	\$ 391,092		\$ 391,092	\$ 380,175
Total other functional expenses	\$ 1,110,796		\$ 1,110,796	\$ 1,001,608
Total allocations and expenses	\$ 2,442,881		\$ 2,442,881	\$ 2,323,437
Change in Net Assets from Operations	\$ (74,394)	\$ (14,523)	\$ (88,917)	\$ (138,450)
Unrealized gain and (losses) from investments	(1,074)	75,509	74,435	75,396
Change in Net Assets	\$ (75,468)	\$ 60,986	\$ (14,482)	\$ (63,054)
Net Assets, beginning of year	467,638	587,938	1,055,576	1,118,630
Net Assets, end of year	\$ 392,170	\$ 648,924	\$ 1,041,094	\$ 1,055,576

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, 2011**

(with summarized financial information for the year ended June 30, 2010)

	Program Services					Support Services			2011 Total	2010 Total
	Allocations and Agency Relations	Community Planning	Community Relations	Other Programs	Total	Fund Raising	Management and General	Total		
ALLOCATIONS TO AGENCIES	\$ 1,175,058				\$ 1,175,058				\$ 1,175,058	\$ 1,163,637
SPECIAL ALLOCATIONS	\$ 157,027			\$ 0	\$ 157,027				\$ 157,027	\$ 158,192
COMMUNITY & AGENCY SERVICES PROVIDED BY THE UNITED WAY:										
Salaries and related expenses:										
Professional salaries	\$ 56,891	\$ 38,426	\$ 58,200	\$ 84,752	\$ 238,269	\$ 102,282	\$ 126,917	\$ 229,199	\$ 467,468	\$ 454,493
Employee benefits	7,816	5,279	7,996	11,643	32,734	14,052	17,436	31,488	64,222	63,736
Payroll taxes	5,001	3,378	5,116	7,450	20,945	8,991	11,156	20,147	41,092	36,720
Total salaries and related expenses	\$ 69,708	\$ 47,083	\$ 71,312	\$ 103,845	\$ 291,948	\$ 125,325	\$ 155,509	\$ 280,834	\$ 572,782	\$ 554,949
Other expenses:										
Rent	\$ 5,509	\$ 3,721	\$ 5,636	\$ 8,207	\$ 23,073	\$ 9,905	\$ 12,292	\$ 22,197	\$ 45,270	\$ 44,745
Office supplies & expenses	7,779	5,254	7,958	11,589	32,580	13,986	17,355	31,341	63,921	54,025
Postage	867	586	887	1,290	3,630	9,073	5,442	14,515	18,145	12,704
Telephone	1,220	824	1,248	1,818	5,110	2,194	2,723	4,917	10,027	7,159
Publicity and promotion	2,852	1,926	2,917	4,248	11,943	5,127	6,362	11,489	23,432	22,683
Conferences and meetings	248	168	254	369	1,039	446	553	999	2,038	5,619
Professional services	784	530	802	1,168	3,284	1,410	1,751	3,161	6,445	9,845
Insurance	741	500	758	1,103	3,102	1,331	1,652	2,983	6,085	6,471
Membership fees	3,051	2,061	3,121	4,546	12,779	5,486	6,807	12,293	25,072	25,725
Total other expenses	\$ 23,051	\$ 15,570	\$ 23,581	\$ 34,338	\$ 96,540	\$ 48,958	\$ 54,937	\$ 103,895	\$ 200,435	\$ 188,976
Depreciation and amortization	\$ 1,579	\$ 1,067	\$ 1,615	\$ 2,352	\$ 6,613	\$ 2,839	\$ 3,524	\$ 6,363	\$ 12,976	\$ 17,488
Total community and agency services expenses	\$ 94,338	\$ 63,720	\$ 96,508	\$ 140,535	\$ 395,101	\$ 177,122	\$ 213,970	\$ 391,092	\$ 786,193	\$ 761,413
Total allocations and expenses	\$ 1,426,423	\$ 63,720	\$ 96,508	\$ 140,535	\$ 1,727,186	\$ 177,122	\$ 213,970	\$ 391,092	\$ 2,118,278	\$ 2,083,242
Designations by donors	521,837				521,837				521,837	512,413
Designated to other United Ways & direct expenses	904,060			\$ 324,603	1,228,663				1,228,663	1,022,791
Total	\$ 2,852,320	\$ 63,720	\$ 96,508	\$ 465,138	\$ 3,477,686	\$ 177,122	\$ 213,970	\$ 391,092	\$ 3,868,778	\$ 3,618,446

KIRCALDIE, RANDALL & McNAB LLC

**UNITED WAY OF GREATER WATERBURY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ (14,482)	\$ (63,054)
Depreciation charges not requiring cash outlay	12,975	17,488
Realized (gains) losses on investments	(2,709)	23,910
Unrealized (gains) losses on investments	(74,435)	(75,396)
In-kind donations		(6,189)
(Increase) decrease in operating assets:		
Pledge receivable	152,573	(102,923)
Certificates of deposit	(168)	(323)
Other receivables	18,752	(6,190)
Other current assets	(1,278)	4,031
Increase (decrease) in operating liabilities:		
Allocations payable	160,103	198,769
Accounts payable	2,548	20,197
Due to affiliates	(978)	677
Net cash provided (used) by operating activities	<u>\$ 252,901</u>	<u>\$ 10,997</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	\$ (1,014)	\$ 0
Purchase of investments	(692,474)	(372,446)
Proceeds from sale of investments	622,984	635,098
Net cash provided (used) by investing activities	<u>\$ (70,504)</u>	<u>\$ 262,652</u>
Net increase (decrease) in cash	\$ 182,397	\$ 273,649
Cash and cash equivalents, beginning of year	435,999	162,350
Cash and cash equivalents, end of year	<u>\$ 618,396</u>	<u>\$ 435,999</u>

KIRCALDIE, RANDALL & McNAB LLC

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

UNITED WAY OF GREATER WATERBURY NOTES TO FINANCIAL STATEMENTS

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, 2010, 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**

Cash and cash equivalents

Cash and cash equivalents consists of the following at June 30, 2011 and 2010;

	<u>2011</u>	<u>Interest</u>	<u>2010</u>	<u>Interest</u>
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Petty cash	\$ 300		\$ 300	
Cash in bank – Checking includes overnight investments of \$522,404 in 2011 and \$359,062 in 2010	<u>618,096</u>	0.20%	<u>435,699</u>	0.30%
Total cash & equivalents	<u>\$ 618,396</u>		<u>\$ 435,999</u>	
Cash in bank – Certificate of deposit	\$ 50,000	0.01%	\$ 50,000	0.85%
Cash in bank – Certificate of deposit	50,000	0.05%	50,000	0.05%
Cash in bank – Certificate of deposit	17,192	0.75%	17,024	1.14%
Cash in bank – Certificate of deposit	<u>100,000</u>	0.15%	<u>100,000</u>	0.20%
Total CD's	<u>\$ 217,192</u>		<u>\$ 217,024</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.

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 2011 (Fall 2010 campaign) have been accrued at June 30, 2011, and public support recognized in the fiscal year 2010 (Fall 2009 campaign) have been accrued at June 30, 2010, 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).

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2006 and that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows.

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

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.

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, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Outstanding Pledges:		
2010 Campaign	\$ 1,485,583	\$
2009 Campaign		1,585,826
2008 Campaign		60,000
Total Pledge receivable	<u>\$ 1,485,583</u>	<u>\$ 1,645,826</u>
Allowance for Uncollectible:		
2010 Campaign	\$ 238,844	\$
2009 Campaign		246,514
Total allowance	<u>\$ 238,844</u>	<u>\$ 246,514</u>
Net pledge receivable	<u>\$ 1,246,739</u>	<u>\$ 1,399,312</u>

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

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 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 processing 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 \$1,425,897 and \$1,295,009 at June 30, 2011 and 2010, 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 Board's discretion on an annual basis. Total pension expense for 2011 and 2010 amounted to \$34,960 and \$32,277, 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 \$64,237 and \$35,913 in 2011 and 2010 respectively.

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

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>2011</u>	<u>2010</u>
Equipment and fixtures	\$ 39,531	\$ 39,531
Leasehold improvements	38,581	38,581
Telecommunication equipment	1,014	13,648
Audio visual equipment	1,742	1,742
Strategic Plan	10,350	10,350
Computer software & hardware	<u>62,059</u>	<u>66,649</u>
	\$ 153,277	\$ 170,501
Less, accumulated depreciation	<u>122,891</u>	<u>128,154</u>
	<u>\$ 30,386</u>	<u>\$ 42,347</u>

Depreciation and amortization expense for the years ended June 30, 2011 and 2010, amounted to \$12,975 and \$17,488, respectively.

NOTE 6 — LEASED PROPERTY:

The United Way occupies its office facilities under a lease agreement which runs through April, 2012, 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>
2011-2012	\$ 41,569

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, 2011, 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.

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;

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

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 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:

	2011		
	<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
U.S. Government & agency securities	\$ 650,629	\$ 665,043	\$ 14,414
Corporate bonds	124,157	129,902	5,745
Equity securities	294,346	359,148	64,802
Mutual funds & money market funds	<u>255,533</u>	<u>257,151</u>	<u>1,618</u>
	<u>\$ 1,324,665</u>	<u>\$ 1,411,244</u>	<u>\$ 86,579</u>
	2010		
	<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</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>143,331</u>	<u>135,412</u>	<u>(7,919)</u>
	<u>\$ 1,252,466</u>	<u>\$ 1,264,610</u>	<u>\$ 12,144</u>

KIRCALDIE, RANDALL & McNAB LLC

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

	<u>2011</u>	<u>2010</u>
Unrestricted assets:		
Investment income	15,601	23,468
Realized gains (losses)	(974)	(2,329)
Unrealized gains (losses)	(1,074)	(6,175)
Investment related fees	(3,662)	(3,841)
Interest cash equivalents	<u>1,310</u>	<u>2,410</u>
Total	<u>\$ 11,201</u>	<u>\$ 13,533</u>

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

	<u>2011</u>	<u>2010</u>
Temporarily restricted assets:		
Investment income	19,368	22,560
Realized gains (losses)	3,551	(21,582)
Unrealized gains (losses)	75,509	81,571
Investment related fees	<u>(4,942)</u>	<u>(5,089)</u>
Total	<u>\$ 93,486</u>	<u>\$ 77,460</u>

NOTE 9 — TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets amounted to \$648,924 as of June 30, 2011. This represents \$31,000 of advances on the campaign to be run in the fall of 2011 and \$617,924 of restricted donations for environment related programs.

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.

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, 2011 and 2010, \$63,500 and \$134,160 respectively, were released from temporarily restrictions to be used in accordance with the donor wishes.

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.

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

NOTE 11 — ALLOCATIONS PAYABLE TO DESIGNATED AGENCIES:

Allocations amounting to \$1,175,058, and \$1,163,637 were allocated to designated agencies as payable on June 30, 2011 and 2010, respectively. This balance represents twelve months of agencies allocation for the upcoming year.

NOTE 12 — SPECIAL EVENTS:

As part of its revenue raising activities the United Way of Greater Waterbury will periodically hold special events. Special event revenue of \$26,129 reflected on the statement of activities is presented net of expenses, the following schedule reflects the details of the special events:

Revenue	\$ 65,750
Expense	<u>39,621</u>
Special events, net	<u>\$ 26,129</u>

NOTE 13 — 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, 2011 and 2010, the unrecorded liabilities were \$9,142 and \$13,490 respectively. No recognition of this liability has been made within these financial statements.

NOTE 14 — 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.

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.

UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS

The following is the detail of the endowment fund as of June 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Balance, July 1,	\$ 5,957	\$ 5,531
Contributions	100	
Interest and investment gain	1,277	712
Disbursements	<u>(285)</u>	<u>(286)</u>
Balance, June 30,	<u>\$ 7,049</u>	<u>\$ 5,957</u>

NOTE 15 — SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through September 22, 2011. The financial statements were available for issue on September 30, 2011.

**UNITED WAY OF GREATER WATERBURY
 ALLOCATIONS TO AGENCIES
 FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

KIRCALDIE, RANDALL & McNAB LLC

<u>Agencies</u>	<u>Allocations Approved 2010/11</u>	<u>Allocations Approved 2009/10</u>
American Red Cross — Waterbury	\$ 25,691	\$ 53,158
Boys and Girls Club	32,490	32,490
Catholic Family Services	52,295	51,295
Children's Community School	95,619	99,408
Connecticut Counseling Centers	8,000	5,942
Connecticut Junior Republic	44,261	44,261
Connecticut Legal Services	20,000	16,008
Connecticut River Council Boy Scouts	18,959	13,972
Families in Crisis	33,221	32,570
Family Service Association of Waterbury, Inc.	65,886	65,886
Girl Scouts of Connecticut	11,318	11,318
Girls Inc of Southwestern Connecticut	24,234	24,234
Greater Waterbury Interfaith Ministry	33,669	33,669
Hispanic Coalition	15,000	
211/Infoline	33,202	33,313
Jewish Foundation of Waterbury	6,082	7,529
John Driscoll United Labor Agency	31,519	36,496
Kangaroo Korner	5,131	5,131
L.I.S.A. Beacon House	28,623	28,623
LaCasa Bienvenida		29,642
Literacy Volunteers	27,000	24,407
Mental Health Association of Connecticut	32,500	27,372
Morris Foundation Inc.	55,815	55,815
Nutmeg Big Brothers/Big Sisters	16,727	16,727
Safe Haven of Greater Waterbury	112,045	97,368
Salvation Army - Waterbury	53,000	48,646
Stay Well Health Center	35,000	29,612
VNA Health at Home, Watertown	10,000	7,503
VNA Healthcare, Waterbury	40,000	35,077
Waterbury Day Nursery	23,000	23,739
Waterbury Youth Services	71,311	60,534
Wellpath	62,559	62,559
Y.M.C.A. — Cheshire	8,047	8,047
Y.M.C.A. — Waterbury	42,854	41,286
Total allocation to agencies	<u>\$ 1,175,058</u>	<u>\$ 1,163,637</u>

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