

UNITED WAY OF GREATER WATERBURY
Financial Statements
June 30, 2020

UNITED WAY OF GREATER WATERBURY
TABLE OF CONTENTS

Independent Auditor's Report..... 1

Financial Statements:

 Statement of Financial Position..... 3

 Statement of Activity and Changes in Net Assets..... 4

 Statement of Functional Expenses..... 5

 Statement of Cash Flows..... 6

Notes to the Financial Statements..... 7

Schedule I - Allocations to Agencies..... 18

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 financial statements of the United Way of Greater Waterbury, (*a nonprofit organization*) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, statement of functional expenses and changes in net assets and cash flows for the fiscal year then ended, and the related notes to the financial statements.

The prior year summarized information has been derived from the organization's fiscal year ended June 30, 2019, financial statements and, in our report dated August 13, 2019, we expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Waterbury, as June 30, 2020, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to agencies on Schedules I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KIRCALDIE, RANDALL & McNAB LLC

Kircaldie Randall • McNab LLC

North Haven, Connecticut
August 17, 2020

**UNITED WAY OF GREATER WATERBURY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 896,936	\$ 780,253
Certificate of deposit	18,264	18,063
Investments, at market value	1,402,997	1,313,778
Pledges receivable, net	1,546,397	1,508,441
Other receivable	114,172	109,630
Prepaid expenses	28,225	24,666
Total current assets	<u>\$ 4,006,991</u>	<u>\$ 3,754,831</u>
Fixed assets	<u>\$ 72,796</u>	<u>\$ 92,773</u>
Long term assets:		
Security deposits	4,221	4,221
Investment in insurance policy	29,274	29,274
Total long term assets	<u>\$ 33,495</u>	<u>\$ 33,495</u>
Total assets	<u><u>\$ 4,113,282</u></u>	<u><u>\$ 3,881,099</u></u>
LIABILITIES		
Current liabilities:		
Allocations and grants payable to designated agencies	\$ 2,513,001	\$ 2,197,602
Accounts payable and accrued expenses	74,101	61,889
Note payable due in one year	227,915	7,867
Due to affiliates	8,622	8,622
Total current liabilities	<u>\$ 2,823,639</u>	<u>\$ 2,275,980</u>
Long term liabilities		
Note payable	12,920	21,345
Total liabilities	<u>\$ 2,836,559</u>	<u>\$ 2,297,325</u>
NET ASSETS		
Net assets without donor restrictions		
Unappropriated	\$ 384,844	\$ 738,538
Board designated — Investment in plant and equipment	72,796	92,773
Board designated — Endowment	100,000	100,000
Board designated — Board designated emergency fund	500,000	500,000
Total unrestricted net assets	<u>\$ 1,057,640</u>	<u>\$ 1,431,311</u>
Net assets with donor restrictions	<u>219,083</u>	<u>152,463</u>
Total net assets	<u>\$ 1,276,723</u>	<u>\$ 1,583,774</u>
Total liabilities and net assets	<u><u>\$ 4,113,282</u></u>	<u><u>\$ 3,881,099</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 FISCAL YEAR ENDED JUNE 30, 2020**

(with summarized financial information for the year ended June 30, 2019)

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Combined Total
Revenues, Gains, and Other Support:				
Campaign applicable to current period:				
Contributions:				
Campaign	\$ 4,061,777	\$ 88,295	\$ 4,150,072	\$ 3,879,381
Other United Ways	153,953		153,953	182,942
Net assets released from restriction	36,675	(36,675)		-
Gross Contributions	<u>\$ 4,252,405</u>	<u>\$ 51,620</u>	<u>\$ 4,304,025</u>	<u>\$ 4,062,323</u>
Donor directed gifts and direct expenses	(1,905,786)		(1,905,786)	(1,827,642)
Uncollectible pledge expense	(144,332)		(144,332)	(100,254)
Net Contributions	<u>\$ 2,202,287</u>	<u>\$ 51,620</u>	<u>\$ 2,253,907</u>	<u>\$ 2,134,427</u>
Other Support:				
Sponsorship income	\$ 94,150	\$ 15,000	\$ 109,150	\$ 95,000
Investment income	40,719		40,719	53,939
Support activities income	518,180		518,180	512,936
Administrative fees	82,431		82,431	87,139
Miscellaneous income	15,000		15,000	44,629
Total other support	<u>\$ 750,480</u>	<u>\$ 15,000</u>	<u>\$ 765,480</u>	<u>\$ 793,643</u>
Total revenue	<u>\$ 2,952,767</u>	<u>\$ 66,620</u>	<u>\$ 3,019,387</u>	<u>\$ 2,928,070</u>
Allocations and Other Functional Expenses:				
Allocations:				
Allocations to agencies from campaign	\$ 894,386		\$ 894,386	\$ 915,819
Special allocations	637,942		637,942	289,181
Total allocations	<u>\$ 1,532,328</u>		<u>\$ 1,532,328</u>	<u>\$ 1,205,000</u>
Other functional expenses:				
Allocations and Agency relations	\$ 95,534		\$ 95,534	\$ 80,599
Community planning	88,182		88,182	99,061
Community relations	220,336		220,336	173,828
Other programs	790,986		790,986	844,315
Total program services expenses	<u>\$ 1,195,038</u>		<u>\$ 1,195,038</u>	<u>\$ 1,197,803</u>
Fund raising	\$ 271,799		\$ 271,799	270,635
Management and general	339,235		339,235	265,247
Total support services expenses	<u>\$ 611,034</u>		<u>\$ 611,034</u>	<u>\$ 535,882</u>
Total other functional expenses	<u>\$ 1,806,072</u>		<u>\$ 1,806,072</u>	<u>\$ 1,733,685</u>
Total allocations and expenses	<u>\$ 3,338,400</u>		<u>\$ 3,338,400</u>	<u>\$ 2,938,685</u>
Change in Net Assets from Operations	<u>\$ (385,633)</u>	\$ 66,620	<u>\$ (319,013)</u>	<u>\$ (10,615)</u>
Unrealized gain and (losses) from investments	11,962	-	11,962	29,077
Change in Net Assets	<u>\$ (373,671)</u>	<u>\$ 66,620</u>	<u>\$ (307,051)</u>	<u>\$ 18,462</u>
Net Assets, beginning of year	1,431,311	152,463	1,583,774	1,565,312
Net Assets, end of year	<u>\$ 1,057,640</u>	<u>\$ 219,083</u>	<u>\$ 1,276,723</u>	<u>\$ 1,583,774</u>

KIRCALDIE, RANDALL & McNAB LLC

UNITED WAY OF GREATER WATERBURY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(with summarized financial information for the year ended June 30, 2019)

	Program Services					Support Services			2020 Total	2019 Total
	Allocations and Agency Relations	Community Planning	Community Relations	Other Programs	Total	Fund Raising	Management and General	Total		
ALLOCATIONS TO AGENCIES	\$ 894,386				\$ 894,386				\$ 894,386	\$ 915,819
SPECIAL ALLOCATIONS	\$ 637,942				\$ 637,942				\$ 637,942	\$ 289,181
COMMUNITY & AGENCY SERVICES PROVIDED BY THE UNITED WAY:										
Salaries and related expenses:										
Professional salaries	\$ 59,146	\$ 54,597	\$ 136,417	\$ 120,008	\$ 370,168	\$ 166,475	\$ 209,211	\$ 375,686	\$ 745,854	\$ 662,384
Employee benefits	9,226	8,516	21,279	18,719	57,740	25,967	32,633	58,600	116,340	110,358
Payroll taxes	4,556	4,204	10,505	9,242	28,507	12,820	16,111	28,931	57,438	50,955
Total salaries and related expenses	\$ 72,928	\$ 67,317	\$ 168,201	\$ 147,969	\$ 456,415	\$ 205,262	\$ 257,955	\$ 463,217	\$ 919,632	\$ 823,697
Other expenses:										
Rent	\$ 3,569	\$ 3,294	\$ 8,231	\$ 7,241	\$ 22,335	\$ 10,044	\$ 12,621	\$ 22,665	\$ 45,000	\$ 45,000
Office supplies & expenses	9,629	8,888	22,208	19,536	60,261	27,101	34,058	61,159	121,420	83,606
Postage	227	210	524	461	1,422	3,554	2,132	5,686	7,108	13,100
Telephone	737	680	1,699	1,495	4,611	2,074	2,606	4,680	9,291	7,890
Publicity and promotion	1,300	1,200	2,998	2,637	8,135	3,659	4,598	8,257	16,392	25,737
Conferences and meetings	800	739	1,846	1,624	5,009	2,253	2,830	5,083	10,092	23,688
Professional services	387	357	892	784	2,420	1,088	1,367	2,455	4,875	4,965
Insurance	788	727	1,817	1,598	4,930	2,217	2,787	5,004	9,934	9,057
Membership fees	3,010	2,778	6,942	6,107	18,837	8,472	10,646	19,118	37,955	39,046
Total other expenses	\$ 20,447	\$ 18,873	\$ 47,157	\$ 41,483	\$ 127,960	\$ 60,462	\$ 73,645	\$ 134,107	\$ 262,067	\$ 252,089
Depreciation and amortization	\$ 2,159	\$ 1,992	\$ 4,978	\$ 4,379	\$ 13,508	\$ 6,075	\$ 7,635	\$ 13,710	\$ 27,218	\$ 23,636
Total community and agency services expenses	\$ 95,534	\$ 88,182	\$ 220,336	\$ 193,831	\$ 597,883	\$ 271,799	\$ 339,235	\$ 611,034	\$ 1,208,917	\$ 1,099,422
Total allocations and expenses	\$ 1,627,862	\$ 88,182	\$ 220,336	\$ 193,831	\$ 2,130,211	\$ 271,799	\$ 339,235	\$ 611,034	\$ 2,741,245	\$ 2,304,422
Designations by donors	948,236				948,236				948,236	1,039,917
Designated to other United Ways & direct expenses	957,550			\$ 597,155	1,554,705				1,554,705	1,421,988
Total	\$ 3,533,648	\$ 88,182	\$ 220,336	\$ 790,986	\$ 4,633,152	\$ 271,799	\$ 339,235	\$ 611,034	\$ 5,244,186	\$ 4,766,327

KIRCALDIE, RANDALL & McNAB LLC

**UNITED WAY OF GREATER WATERBURY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ (307,051)	\$ 18,462
Depreciation charges not requiring cash outlay	27,218	23,636
Realized (gains) losses on investments	6,730	1,379
Unrealized (gains) losses on investments	(11,962)	(29,077)
(Increase) decrease in operating assets:		
Pledge receivable	(37,956)	(7,106)
Certificates of deposit	(201)	(242)
Other receivables	(4,542)	(25,502)
Other current assets	(3,559)	(8,950)
Increase (decrease) in operating liabilities:		
Allocations payable	315,399	(623,371)
Accounts payable	12,212	7,413
Due to affiliates	-	(392)
Net cash provided (used) by operating activities	<u>\$ (3,712)</u>	<u>\$ (643,750)</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	\$ (7,241)	\$ (20,255)
Change in security deposit	-	-
Purchase of investments	(413,775)	(602,335)
Proceeds from sale of investments	329,788	257,103
Net cash provided (used) by investing activities	<u>\$ (91,228)</u>	<u>\$ (365,487)</u>
Cash Flows From Financing Activities:		
New borrowings	\$ 219,769	\$ -
Payments on note payable	(8,146)	(7,867)
Net cash provided (used) by financing activities	<u>\$ 211,623</u>	<u>\$ (7,867)</u>
Net increase (decrease) in cash	\$ 116,683	\$ (1,017,104)
Cash and cash equivalents, beginning of year	780,253	1,797,357
Cash and cash equivalents, end of year	<u>\$ 896,936</u>	<u>\$ 780,253</u>
Supplemental Disclosure of Cash Flows Information		
Interest paid	<u>\$ 653</u>	<u>\$ 933</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, in FASB ASC 958. 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, 2018, 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, 2020 and 2019;

	<u>2020</u>	<u>Interest</u>	<u>2019</u>	<u>Interest</u>
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Petty cash	\$ 300	0.00%	\$ 300	0.00%
Cash - checking	56,656	0.00%	10,247	0.00%
Cash - checking	78,591	0.00%	53,284	0.00%
Cash - checking	504,226	0.00%	497,029	0.00%
Cash - Money Market	151,629	0.30%	151,174	0.30%
Cash - Savings	8,342	0.05%	16,591	0.05%
Cash - Savings	<u>97,192</u>	0.00%	<u>51,628</u>	0.00%
Total cash & equivalents	<u>\$ 896,936</u>		<u>\$ 780,253</u>	
Cash - Certificate of deposit	<u>\$ 18,264</u>	0.06%	<u>\$ 18,063</u>	0.15%

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 2020 (Fall 2019 campaign) have been accrued at June 30, 2020, and public support recognized in the fiscal year 2019 (Fall 2018 campaign) have been accrued at June 30, 2019, 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 2016 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 net-assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

NOTE 2 — PLEDGE RECEIVABLES:

Pledge receivables for the fiscal years ended June 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Campaign pledges receivables	\$ 1,709,683	\$ 1,676,046
Allowance for uncollectible pledges	<u>163,286</u>	<u>167,605</u>
Net pledge receivable	<u><u>\$ 1,546,397</u></u>	<u><u>\$ 1,508,441</u></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 \$1,905,786 and \$1,827,642 at June 30, 2020 and 2019, 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 2020 and 2019 amounted to \$51,645 and \$42,647, 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 \$83,941 and \$85,896 in 2020 and 2019 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>2020</u>	<u>2019</u>
Equipment and fixtures	\$ 79,069	\$ 71,828
Leasehold improvements	92,444	92,444
Telecommunication equipment	1,014	1,014
Audio visual equipment	13,072	13,072
Strategic Plan	12,500	12,500
Computer software & hardware	<u>121,146</u>	<u>121,146</u>
	\$ 319,245	\$ 312,004
Less, accumulated depreciation	<u>246,449</u>	<u>219,231</u>
	<u>\$ 72,796</u>	<u>\$ 92,773</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019, amounted to \$27,218 and \$23,636, respectively. There was \$29,609 of fully depreciated equipment and fixtures that were written off during the June 30, 2019 year end, and none during the June 30, 2020 year end.

NOTE 6 — LEASED PROPERTY:

The United Way occupies its office facilities under a (5) five year lease agreement which runs through November, 2022, with an option for one more (5) five year term. The following is schedule of future minimum lease payments.

<u>Year Ended</u>	<u>Amount</u>
June 30, 2021	\$ 48,696
June 30, 2022	50,160
June 30, 2023	16,884

The landlord holds a security deposit in the amount of \$4,221.

NOTE 7 — NOTE PAYABLE:

In November, 2012, the United Way borrowed \$74,155 to facilitate an office move and renovations. The loan is for 10 years and has a 3.5% interest rate. For the year ended June 30, 2020, \$8,146 of principal payments and \$653 of interest payments were made. The balance of the note at June 30, 2020 is \$21,066. For the year ended June 30, 2019, \$7,867 of principal payments and \$933 of interest payments were made. The balance of the note at June 30, 2019 is \$29,212. A breakdown of the note payable for the next four years is as follows:

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

NOTE 7 — NOTE PAYABLE: (CONTINUED)

<u>Year Ended</u>	<u>Amount</u>
June 30, 2021	\$ 8,146
June 30, 2022	8,436
June 30, 2023	<u>4,484</u>
	<u>\$ 21,066</u>

Due to the COVID19 Pandemic the United Way applied for and received on April 22, 2020 a loan of \$219,769 through the government Paycheck Protection Program. Based on the current SBA guidelines this loan will be mostly forgiven based on payroll and allowable operating expenses incurred in the covered period which is the earlier of either 24 weeks after funding or December 31, 2020. On December 31, 2020, the deferral period ends and the remaining loan amount not forgiven will either be returned to Webster Bank with accrued interest of 1% for the period or converted to a fully amortizing loan to be paid back in equal payments at an interest rate of 1% over 24 months. The \$219,769 is shown on the balance sheet in the notes payable due within one year total.

NOTE 8 — UNINSURED CASH BALANCES:

The United Way of Greater Waterbury maintains their cash in bank deposits at (3) three high credit quality financial institutions. The balance at times may exceed federally insured limits. At June 30, 2020, the cash balances did exceed the insured limit of \$250,000, by \$568,045. At June 30, 2019, the cash balances did exceed the insured limit of \$250,000, by \$378,779. The United Way does invest its excess cash from time to time in investment grade commercial and US Government Securities.

NOTE 9 — 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.

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

NOTE 9 — INVESTMENTS: (CONTINUED)

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:

	2020		Unrealized
	<u>Book Value</u>	<u>Market Value</u>	<u>Gain (Loss)</u>
U.S. Government & agency securities	\$ 490,970	\$ 492,177	\$ 1,207
Mutual funds & money market funds	<u>853,344</u>	<u>910,820</u>	<u>57,476</u>
	<u>\$ 1,344,314</u>	<u>\$ 1,402,997</u>	<u>\$ 58,683</u>
	2019		Unrealized
	<u>Book Value</u>	<u>Market Value</u>	<u>Gain (Loss)</u>
U.S. Government & agency securities	\$ 254,309	\$ 285,139	\$ 30,830
Mutual funds & money market funds	<u>1,012,748</u>	<u>1,028,639</u>	<u>15,891</u>
	<u>\$ 1,267,057</u>	<u>\$ 1,313,778</u>	<u>\$ 46,721</u>

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

	<u>2020</u>	<u>2019</u>
Unrestricted assets:		
Investment income	\$ 46,792	\$ 54,626
Realized gains (losses)	(6,730)	(1,379)
Unrealized gains (losses)	11,962	29,077
Investment related fees	(7,113)	(5,748)
Interest cash equivalents	<u>657</u>	<u>692</u>
Total	<u>\$ 45,568</u>	<u>\$ 77,268</u>

NOTE 10 — NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions amounted to \$219,083 as of June 30, 2020. This represents \$88,295 of advances on the campaign to be run in the fall of 2019 and beyond, \$15,000 in future event sponsorship payment, and \$115,788 of restricted donations for emerging needs.

Net assets with donor restrictions amounted to \$152,463 as of June 30, 2019. This represents \$36,675 of advances on the campaign to be run in the fall of 2019 and beyond and \$115,788 of restricted donations for emerging needs.

During the years ended June 30, 2020 and 2019, \$36,675 and \$45,000 respectively, were released from net assets with donor restrictions to be used in accordance with the donor wishes.

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

NOTE 11 — NET ASSET CLASSIFICATIONS:

Net Assets Without Donor Restrictions: 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.

Net Assets With Donor Restrictions: 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.

The board has appropriated some unrestricted net assets into three 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.

Appropriated Board Designated Endowment Fund: are funds that were set aside by the Board for endowment purposes.

NOTE 12 — ALLOCATIONS PAYABLE TO DESIGNATED AGENCIES:

Allocations amounting to \$894,386, and \$915,819 were allocated to designated agencies as payable on June 30, 2020 and 2019, respectively. This balance represents twelve months of agencies allocation for the upcoming year.

NOTE 13 — SPECIAL EVENTS:

As part of its revenue raising activities the United Way of Greater Waterbury will periodically hold special events. There were no special events held during the 2020 or 2019 fiscal year.

NOTE 14 — INVESTMENT IN INSURANCE POLICY:

During the fiscal year ended June 30, 2012 there was a donation of funds to purchase life insurance policies on the life of the individuals donating the funds. The policies are owned by the United Way of Greater Waterbury and the United Way of Greater Waterbury is the beneficiary of the policy. The value of this policy at the June 30, 2020 year end is \$29,274 and at the June 30, 2019 year end \$29,274, with a death benefit of \$250,000. As of June 30, 2018, the policy premium is paid in full.

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

NOTE 15 — 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, 2020 and 2019, the unrecorded liabilities were \$38,914 and \$39,910 respectively. No recognition of this liability has been made within these financial statements.

NOTE 16 — 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.

The following is the detail of the endowment fund as of June 30, 2020 and 2019.

	<u>2019</u>	<u>2019</u>
Balance, July 1,	\$ 8,095	\$ 8,080
Contributions	0	0
Interest, investment gain,		
less fees	69	353
Disbursements	<u>(344)</u>	<u>(338)</u>
Balance, June 30,	<u>\$ 7,820</u>	<u>\$ 8,095</u>

NOTE 17 — DUE TO AFFILIATES:

Due to affiliates consists of dues payable to the United Way’s National and State organizations, the United Way Worldwide and the United Way of Connecticut.

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

NOTE 18 — INFORMATION REGARDING LIQUIDITY AND AVAILABILITY:

The Company strives to maintain liquid financial assets sufficient to cover the general expenditures of the organization. Financial assets in excess of daily cash requirements are set aside in the saving accounts.

The following table reflects the Company’s financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available can include a board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. Amounts not available to meet general expenditures within one year also may also include net assets with donor restrictions. There were net assets with donor and board restrictions at June 30, 2020 and 2019.

Liquidity and Available Assets are as follows:

	<u>June 30, 2020</u>	<u>June 30,2019</u>
Cash and Cash equivalents	\$ 896,936	\$ 780,253
Certificate of Deposit	18,264	18,063
Pledge receivable	1,546,397	1,508,441
Other receivables	114,172	109,630
Prepaid expenses	<u>28,225</u>	<u>24,666</u>
Total financial assets available	<u>\$ 2,603,994</u>	<u>\$ 2,441,053</u>
less-		
Donor restricted assets	\$ 219,083	\$ 152,463
Board restricted assets:		
Endowment	100,000	100,000
Emergency Fund	<u>500,000</u>	<u>500,000</u>
Total restricted assets	<u>\$ 819,083</u>	<u>\$ 752,463</u>
Net financial assets available to meet cash needs for general expenditures	<u>\$ 1,784,911</u>	<u>\$ 1,688,590</u>

The organization collects its revenue from donor solicitations and contributions.

NOTE 19 — SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through August 17, 2020 the date the financial statements were available for issue.

COVID 19 PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The impact to the Organization’s operations is described below. Future potential impacts may include disruptions or restrictions on the Organization. The future effects of these issues are unknown at this time.

**UNITED WAY OF GREATER WATERBURY
ALLOCATIONS TO AGENCIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

KIRCALDIE, RANDALL & McNAB LLC

	Allocations Approved 2019/20	Allocations Approved 2018/19
<u>Partner Agency Allocations</u>		
American Red Cross — Waterbury Area	\$ 20,000	\$ 20,000
Boys and Girls Club of Greater Waterbury	34,136	31,636
Catholic Charities	66,150	64,150
Children's Community School	30,000	35,000
Connecticut Counseling Centers	10,000	10,000
Connecticut Legal Services	16,600	16,600
Connecticut River Council Boy Scouts	25,000	25,000
Girl Scouts of Connecticut	10,000	10,000
Girls Inc of Southwestern Connecticut	24,000	24,000
Greater Waterbury Interfaith Ministry	31,000	31,000
Hispanic Coalition	17,550	17,550
211/Infoline	33,746	29,479
John Driscoll United Labor Agency	19,200	49,200
Kangaroo Korner	-	5,000
Mental Health Association of Connecticut	29,975	29,975
Nutmeg Big Brothers/Big Sisters	14,000	14,000
Reach Out and Read	6,300	-
Safe Haven of Greater Waterbury	95,000	95,000
Salvation Army - Waterbury	50,000	50,000
Stay Well Health Center	27,050	27,050
Hartford Health Care at Home	32,200	32,200
Waterbury Youth Services	87,843	84,843
Wellmore	90,451	90,451
Y.M.C.A. — Cheshire	7,000	7,000
Y.M.C.A. — Waterbury	42,185	41,685
Community Impact Grant	75,000	75,000
Total allocation to agencies	<u>\$ 894,386</u>	<u>\$ 915,819</u>
<u>Special Allocations/Initiative Funding</u>		
Waterbury Bridge to Success	\$ 25,000	\$ 25,000
Ten Year Plan/Coordinated Access Network (CAN)	-	35,000
Nonprofit Assistance Initiative	30,000	30,000
Outcome Measurement Initiative	5,000	5,000
Home Visiting Initiative/Reach out & Read/Born Learning	11,700	18,000
Secure Jobs Northwest	-	20,000
Flexible Assistance Fund	46,019	46,019
Healthy Foods	30,000	30,000
Financial Literacy/Volunteer Income Tax Assistance (VITA)	50,000	60,000
Greater Waterbury Health Improvement Partnership (GWHIP)	20,000	20,000
Emerging Needs Fund	15,245	162
Upstarters	2,427	-
Covid 19	402,551	-
Total special allocation/Initiative Funding	<u>\$ 637,942</u>	<u>\$ 289,181</u>
Total Allocations	<u><u>\$ 1,532,328</u></u>	<u><u>\$ 1,205,000</u></u>

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