

**UNITED WAY OF WEST CENTRAL
CONNECTICUT, INC.**
Financial Statements
June 30, 2017

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.

Table of Contents

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-18
Schedule I Allocations to Agencies	19
Schedule II Functional Expenses (overhead) calculation	20

KIRCALDIE, RANDALL & MCNAB LLC

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of West Central Connecticut, Inc
Bristol, Connecticut

We have audited the accompanying financial statements of United Way of West Central Connecticut, Inc., (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses 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, 2016 financial statements and, in our report dated September 16, 2016, 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 West Central Connecticut, Inc., as of June 30, 2017, 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 and II are 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

North Haven, Connecticut
November 3, 2017

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017
(with summarized financial information as of June 30, 2016)

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 236,498	\$ 269,151
Cash-invested	97,842	97,561
Investments, at market values	876,178	880,178
Pledges receivable	551,259	597,530
Other current assets	11,775	10,851
Total current assets	\$ 1,773,552	\$ 1,855,271
Plant and Equipment:		
Plant and equipment	\$ 68,146	\$ 68,146
Less - Accumulated depreciation	66,827	65,730
Net plant and equipment	\$ 1,319	\$ 2,416
Total assets	\$ 1,774,871	\$ 1,857,687
LIABILITIES		
Current liabilities:		
Allocations payable to designated agencies	\$ 669,306	\$ 726,499
Accounts payable and accruals	20,416	16,197
Due to affiliates	4,418	3,418
Total current liabilities	\$ 694,140	\$ 746,114
Total liabilities	\$ 694,140	\$ 746,114
NET ASSETS		
Net assets:		
Unrestricted:		
Unappropriated	\$ 596,777	\$ 649,572
Appropriated-Investment in Plant and Equipment	1,319	2,416
Appropriated-Board Community Initiatives	3,736	3,101
Total unrestricted net assets	\$ 601,832	\$ 655,089
Temporarily restricted:	138,112	115,697
Permanently restricted:	340,787	340,787
Total net assets	\$ 1,080,731	\$ 1,111,573
Total liabilities and net assets	\$ 1,774,871	\$ 1,857,687

KIRCALDIE, RANDALL & MGNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

(with summarized financial information for the year ended June 30, 2016)

	2017			2016	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Combined Totals</u>	<u>Combined Totals</u>
Revenues, Gains, and Other Support:					
Campaign applicable to current period:					
Contributions					
Campaign	\$ 534,002	\$ 23,050	\$ 0	\$ 557,052	\$ 636,733
Net assets released from restriction	39,154	(39,154)	0	0	0
Gross contributions	<u>\$ 573,156</u>	<u>\$ (16,104)</u>	<u>\$ 0</u>	<u>\$ 557,052</u>	<u>\$ 636,733</u>
Uncollectible pledge expense	(15,028)	0	0	(15,028)	(22,113)
Net contributions	<u>\$ 558,128</u>	<u>\$ (16,104)</u>	<u>\$ 0</u>	<u>\$ 542,024</u>	<u>\$ 614,620</u>
Other Support:					
Grants and special contributions	\$ 97,913	\$ 37,019	\$ 0	\$ 134,932	\$ 174,863
Interest and investment income	58,735	0	0	58,735	19,214
Support activities income	54,923	1,500	0	56,423	55,317
Administrative fees	19,095	0	0	19,095	21,728
Miscellaneous income	0	0	0	0	581
Total other support	<u>\$ 230,666</u>	<u>\$ 38,519</u>	<u>\$ 0</u>	<u>\$ 269,185</u>	<u>\$ 271,703</u>
Total revenue	<u>\$ 788,794</u>	<u>\$ 22,415</u>	<u>\$ 0</u>	<u>\$ 811,209</u>	<u>\$ 886,323</u>
Allocations and Other Functional Expenses:					
Allocations:					
Allocations to agencies from campaign	\$ 260,228	\$ 0	\$ 0	\$ 260,228	\$ 294,611
Community initiatives	80,944	0	0	80,944	155,695
Donor directed gifts	60,277	0	0	60,277	54,320
Total allocations	<u>\$ 401,449</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 401,449</u>	<u>\$ 504,626</u>
Other functional expenses:					
Allocations and agency relations	\$ 54,694	\$ 0	\$ 0	\$ 54,694	\$ 52,411
Community services	160,075	0	0	160,075	141,383
Bristol discovery grant initiative	31,484	0	0	31,484	34,418
Plymouth discovery grant initiative	34,729	0	0	34,729	43,823
Total program services expenses	<u>\$ 280,982</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 280,982</u>	<u>\$ 272,035</u>
Fund raising	\$ 71,479	\$ 0	\$ 0	71,479	90,694
Management and general	87,792	0	0	87,792	79,560
Total support services expenses	<u>\$ 159,271</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 159,271</u>	<u>\$ 170,254</u>
Total other functional expenses	<u>\$ 440,253</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 440,253</u>	<u>\$ 442,289</u>
Total allocations and expenses	<u>\$ 841,702</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 841,702</u>	<u>\$ 946,915</u>
Change in Net Assets from Operations	<u>\$ (52,908)</u>	<u>\$ 22,415</u>	<u>\$ 0</u>	<u>\$ (30,493)</u>	<u>\$ (60,592)</u>
Unrealized gains and (losses) from investments	(349)	0	0	(349)	30,103
Change in Net Assets	<u>\$ (53,257)</u>	<u>\$ 22,415</u>	<u>\$ 0</u>	<u>\$ (30,842)</u>	<u>\$ (30,489)</u>
Net Assets, beginning of year	655,089	115,697	340,787	1,111,573	1,142,062
Net Assets, end of year	<u>\$ 601,832</u>	<u>\$ 138,112</u>	<u>\$ 340,787</u>	<u>\$ 1,080,731</u>	<u>\$ 1,111,573</u>

KIRCALDIE, RANDALL & McNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(with summarized financial information for the year ended June 30, 2016)

	PROGRAM SERVICES					SUPPORT SERVICES				2017 TOTAL	2016 TOTAL
	ALLOCATIONS AND AGENCY RELATIONS	COMMUNITY SERVICES	BRISTOL DISCOVERY GRANT	PLYMOUTH DISCOVERY GRANT	TOTAL	FUND RAISING	MANAGEMENT AND GENERAL	TOTAL			
ALLOCATIONS TO AGENCIES	\$ 260,228				\$ 260,228					\$ 260,228	\$ 294,611
COMMUNITY INITIATIVES	\$ 80,944				\$ 80,944					\$ 80,944	\$ 155,695
DONOR DIRECTED GIFTS	\$ 60,277				\$ 60,277					\$ 60,277	\$ 54,320
COMMUNITY & AGENCY SERVICES PROVIDED BY THE UNITED WAY:											
SALARIES AND RELATED EXPENSES:											
Salaries	\$ 28,451	\$ 96,404	\$ 0	\$ 0	\$ 124,855	\$ 27,803	\$ 43,060	\$ 70,863	\$ 195,718	\$ 197,850	
Employee benefits	6,590	22,328	0	0	28,918	6,440	9,973	16,413	45,331	35,560	
Payroll taxes	3,172	10,746	0	0	13,918	3,099	4,800	7,899	21,817	19,182	
Total salaries and related expenses	\$ 38,213	\$ 129,478	\$ 0	\$ 0	\$ 167,691	\$ 37,342	\$ 57,833	\$ 95,175	\$ 262,866	\$ 252,592	
OTHER EXPENSES:											
Accounting services	\$ 1,011	\$ 2,022	\$ 0	\$ 0	3,033	\$ 1,685	\$ 2,022	3,707	\$ 6,740	\$ 7,105	
Conferences and meetings	494	991	2,532	0	4,017	826	991	1,817	5,834	8,309	
Office supplies & expenses	3,014	6,029	13,021	6,897	28,961	5,024	6,029	11,053	40,014	29,348	
Publicity and promotion	2,379	2,381	0	0	4,760	3,649	0	3,649	8,409	12,033	
Rent	4,500	9,000	0	0	13,500	7,500	9,000	16,500	30,000	30,000	
Telephone	454	911	0	0	1,365	759	911	1,670	3,035	2,720	
Postage	761	1,522	0	480	2,763	1,269	1,522	2,791	5,554	7,028	
Professional fees	2,813	5,629	0	4,217	12,659	4,691	5,629	10,320	22,979	15,994	
Early childhood coordinator	0	0	15,931	23,135	39,066	0	0	0	39,066	62,706	
Insurance	890	1,783	0	0	2,673	1,486	1,783	3,269	5,942	5,079	
Membership fees	0	0	0	0	0	6,974	1,743	8,717	8,717	8,067	
Total other expenses	\$ 16,316	\$ 30,268	\$ 31,484	\$ 34,729	\$ 112,797	\$ 33,863	\$ 29,630	\$ 63,493	\$ 176,290	\$ 188,389	
Depreciation	165	329	0	0	494	274	329	603	1,097	1,308	
Total community and agency services expenses	\$ 54,694	\$ 160,075	\$ 31,484	\$ 34,729	\$ 280,982	\$ 71,479	\$ 87,792	\$ 159,271	\$ 440,253	\$ 442,289	
Total	\$ 456,143	\$ 160,075	\$ 31,484	\$ 34,729	\$ 682,431	\$ 71,479	\$ 87,792	\$ 159,271	\$ 841,702	\$ 946,915	

KIRCALDIE, RANDALL & MCNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(with summarized financial information for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Changes in Net Assets	\$ (30,842)	\$ (30,489)
Adjustments to reconcile changes in net assets:		
Depreciation	1,097	1,308
Unrealized (gains) losses on investments	349	(30,103)
Realized (gains) losses on investments	(13,446)	15,532
Pledges receivable	46,271	(6,481)
Other current assets	(924)	1,267
Allocations payable	(57,193)	(22,077)
Accounts payable	4,219	1,381
Due to affiliates	1,000	(253)
Net cash provided (used) by operating activities	<u>\$ (49,469)</u>	<u>\$ (69,915)</u>
Cash Flows From Investing Activities:		
Purchase of investments	\$ (142,074)	\$ (95,573)
Change in cash invested	(281)	50,789
Redemptions of investments	159,171	74,644
Net cash provided (used) by investing activities	<u>\$ 16,816</u>	<u>\$ 29,860</u>
Cash Flows From Financing Activities:		
Net cash (used) by financing activities	<u>\$ 0</u>	<u>\$ 0</u>
Net increase (decrease) in cash	\$ (32,653)	\$ (40,055)
Cash and cash equivalents, beginning of year	269,151	309,206
Cash and cash equivalents, end of year	\$ 236,498	\$ 269,151
Supplemental Disclosures of Cash Flows:		
Interest paid	<u>\$ 0</u>	<u>\$ 0</u>

KIRCALDIE, RANDALL & MGNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

United Way of West Central Connecticut, Inc. (The “United Way”) supports local non-profit agency programs as well as several targeted collaborative community initiatives that provide services in the towns of Bristol, Burlington, Plainville, and Plymouth.

The United Way is a not-for-profit voluntary health and human service agency established to increase the overall quality of life for those in the region. To accomplish its mission, the United Way conducts fundraising campaigns and activities, and distributes resources to various agencies and community collaborations that are involved in providing human services throughout the towns of Bristol, Burlington, Plainville, and Plymouth.

The United Way’s primary funding source is donor contributions from donors who live or work in the region.

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The financial statements of 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.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for not-for-profit organizations. Under SFAS No. 117, the organization is required to report information regarding the United Way’s financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the United Way and changes therein are classified and reported as either: unrestricted net assets, temporarily restricted net assets, or permanently 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, 2016, from which the summarized information was derived.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Summary of Significant Accounting Policies

The significant accounting policies by the United Way of West Central Connecticut, Inc. are described below to enhance the usefulness of the financial statements to the reader.

Cash and cash equivalents

Cash and cash equivalents consists of the following at June 30, 2017 and 2016;

	<u>2017</u>	<u>Interest</u>	<u>2016</u>	<u>Interest</u>
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Unrestricted				
Petty cash	\$ 400	0.00%	\$ 400	0.00%
Cash-Checking-Webster Bank	38,022	0.00%	7,301	0.00%
Cash-Money Market-Webster Bank	5,054	0.10%	5,054	0.10%
Cash-Savings-Webster Bank	796	0.02%	2,124	0.01%
Cash-CD-Thomaston Bank	54,751	0.25%	54,615	0.25%
Cash-CD-Thomaston Bank	26,037	0.25%	75,851	0.25%
Cash-CD-Farmington Bank	4,767	0.20%	4,758	0.25%
Total unrestricted	<u>\$ 129,827</u>		<u>\$ 150,103</u>	
Restricted Cash				
Cash-Money Market-Farmington Bank				
-Campership	\$ 49,633	0.93%	\$ 50,243	0.93%
Cash-Savings-Webster Bank-Barnes				
Campaign	57,038	0.02%	63,592	0.02%
Total restricted cash	<u>\$ 106,671</u>		<u>\$ 113,835</u>	
Custodial Cash				
Cash-Checking-Thomaston Bank-PECC	\$ 0	0.00%	\$ 5,213	0.00%
Total cash and equivalents	<u>\$ 236,498</u>		<u>\$ 269,151</u>	

For the purposes of the statement of cash flows, the United Way of West Central Connecticut, Inc. considers all cash and other highly liquid investments with initial maturities of six months or less to be cash equivalents.

Cash invested, which is cash invested for more than six months, consists of the following at June 30, 2017 and 2016;

	<u>2017</u>	<u>Interest</u>	<u>2016</u>	<u>Interest</u>
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Invested Cash				
Cash-CD-Farmington Bank	\$ 36,453	0.35%	\$ 36,326	0.38%
Cash-CD-Farmington Bank	61,389	0.25%	61,235	0.25%
Total invested cash	<u>\$ 97,842</u>		<u>\$ 97,562</u>	

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Investments

Investments are stated at fair market value, in accordance with Financial Accounting Standards Board Statement Opinion No. 124-Accounting for certain investments held by not-for-profit organizations. Unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities. At June 30, 2017, the Investments held had a cost value of \$824,255 and a market value of \$876,178 having an unrealized gain at June 30, 2017, of \$51,923. At June 30, 2016, the Investments held had a cost of \$827,906 and a market value of \$880,178 resulting in an unrealized gain at June 30, 2016, of \$52,272.

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. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Depreciation

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets (5-40 years).

Donated Materials and Services

Donated materials and equipment are recorded as contributions at their estimated values at date of receipt. Also, 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.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 Administrative and Community Service Expenses

Unpaid allocations related to the public support recognized in the fiscal year 2017 (Fall 2016 campaign) have been accrued at June 30, 2017, and public support recognized in the fiscal year 2016 (Fall 2015 campaign) have been accrued at June 30, 2016, in order to match allocations and expenses with pledge income from the Fall campaigns.

Board-designated Community Initiative funding is approved on an on-going basis during the June 30, 2018 fiscal year even though the income providing this funding is recognized as revenue in the June 30, 2017 period. Accordingly, these amounts of Initiative funding cannot be accrued as an allocation as of June 30, 2017.

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). Being that the United Way is exempt from federal, state and local income taxes, no provision for income taxes are included in the financial statements.

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 2014 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.

Provision for Uncollectible

The provision for uncollectible pledges is computed based upon management's estimates of current economic factors, applied to the gross campaign.

Revenue Recognition

Revenue for interest and investment income, support activities, administrative fees and miscellaneous income are recognized as the income is earned.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses, and the statement of support, revenue, expenses and changes in fund balances. Accordingly, certain costs have been allocated among the program and support services benefitted as follows:

Expenses are charged directly to program or support categories based on specified identification. Indirect expenses have been allocated based upon percentages set up by management to approximate time spent by personnel in the following areas of Program Functions: Allocations and Agency Relations, Community Services, Bristol Discovery Grant, Plymouth Discovery Grant, Fund Raising, and Management and General.

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 accounts in the 2016 financial statements have been reclassified for comparative purposes to conform with the presentation in the current fiscal years financial statements.

NOTE 2 - PLEDGES RECEIVABLE:

Pledges receivable for the fiscal years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Outstanding Pledges:		
2016 Campaign	\$ 301,351	\$ 0
2015 Campaign	23,018	344,197
2014 Campaign	<u>0</u>	<u>30,898</u>
Total Pledge receivable	<u>\$ 324,369</u>	<u>\$ 375,095</u>
Allowance for Uncollectible:		
2016 Campaign	\$ 21,000	\$ 0
2015 Campaign	23,000	38,000
2014 Campaign	<u>0</u>	<u>22,000</u>
Total allowance	<u>\$ 44,000</u>	<u>\$ 60,000</u>
Net United Way campaign pledge receivable	\$ 280,369	\$ 315,095
Barnes National Pledge campaign	<u>270,890</u>	<u>282,435</u>
Net operating pledge receivable	<u>\$ 551,259</u>	<u>\$ 597,530</u>

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 Worldwide 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;
- 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. The cost of these directed gift expenses are reported as administrative expenses.

Donor directed gift expenses of \$60,277 and \$54,320 at June 30, 2017 and 2016, respectively, are reported under allocations.

NOTE 4 - EMPLOYMENT BENEFIT PLAN:

Defined Contribution Plan:

The United Way adopted a Defined Contribution Plan, which covers substantially all employees. Contributions to the plan are made by the United Way the employer, on behalf of the participant, at a rate set by the United Way's Board of Directors, and is subject to revision at the Board's discretion.

The total pension expense for 2017 and 2016, amounted to \$17,794 and \$13,335, respectively.

NOTE 5 - PLANT AND EQUIPMENT:

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

	<u>2017</u>	<u>2016</u>
Equipment	\$ 68,146	\$ 68,146
Less, accumulated depreciation	<u>66,827</u>	<u>65,730</u>
Net plant and equipment	<u>\$ 1,319</u>	<u>\$ 2,416</u>

During the 2017 and 2016 fiscal years, the United Way did not add to their plant and equipment.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

There was no old equipment that was retired in the June 30, 2017 and June 30, 2016 fiscal years.

Depreciation expense for the years ended June 30, 2017 and 2016, as follows:

	<u>2017</u>	<u>2016</u>
Operations	<u>\$ 1,097</u>	<u>\$ 1,308</u>

NOTE 6 - PROPERTY LEASES:

The United Way continues to be obligated to pay rent for its prior office facilities at 200 Main Street. On January 14, 2016, the United Way entered into a (15) fifteen month lease for its office space at a rate of \$2,500 per month through August 31, 2018.

The United Way entered into a new lease for office space in July 2017 at 440 North Main Street. This lease runs for 10 years. The lease requires no payments for the first period, July 1, 2017 to August 31, 2018. Beginning September 1, 2018 the United Way will be making payments at a rate of \$2,300 per month through December 2022. Beginning January 2023 payments will decrease to \$2,100 per month. In addition to the above, the United Way is responsible for the monthly CAM charges until August 31, 2018.

The following is a schedule of future minimum lease payments based upon the lease agreement:

<u>Year ended</u>	<u>Amount</u>
June 30, 2018	\$ 30,000
June 30, 2019	28,000
June 30, 2020	27,600
June 30, 2021	27,600
June 30, 2022	27,600
June 30, 2023	26,400
June 30, 2024	25,200
June 30, 2025	25,200
June 30, 2026	25,200
June 30, 2027	25,200

NOTE 7 - UNINSURED CASH BALANCES:

The United Way maintains their cash in bank deposits at three (3) high credit quality financial institutions. The balance at times, may exceed federally insured limits. At June 30, 2017 and June 30, 2016, the cash balances did not exceed the insured limit of \$250,000.

NOTE 8 - DUE TO AFFILIATES:

Due to affiliates consists of dues payable to the United Way's national organization, the United Way Worldwide.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - INVESTMENTS AND FAIR VALUE MEASUREMENT:

The following is a list of investments, by account, held by the United Way, at June 30, 2017 and 2016:

	2017		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
TD Ameritrade	\$ 18,880	\$ 16,576	\$ (2,304)
LPL Financial	614,434	652,348	37,914
Main Street Community Foundation	<u>190,941</u>	<u>207,254</u>	<u>16,313</u>
	<u>\$ 824,255</u>	<u>\$ 876,178</u>	<u>\$ 51,923</u>

Net investment income of \$58,735 was earned in the 2017 fiscal year end. There were investments that were sold during the fiscal year ended June 30, 2017, which resulted in a realized gain of \$13,446. Investment fees were paid during the June 30, 2017 fiscal year end amounting to \$8,487.

	2016		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
TD Ameritrade	\$ 18,494	\$ 14,765	\$ (3,729)
LPL Financial	615,151	666,420	51,269
Main Street Community Foundation	<u>194,261</u>	<u>198,993</u>	<u>4,732</u>
	<u>\$ 827,906</u>	<u>\$ 880,178</u>	<u>\$ 52,272</u>

Net investment income of \$19,214 was earned in the 2016 fiscal year end. There were investments that were sold during the fiscal year ended June 30, 2016, which resulted in a realized loss of \$15,532. Investment fees were paid during the June 30, 2016 fiscal year end amounting to \$7,233.

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 WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
TD Ameritrade	\$ 16,576	\$ 0	\$ 0	\$ 16,576
LPL Financial	652,348	0	0	652,348
Main Street Community Foundation	<u>0</u>	<u>0</u>	<u>207,254</u>	<u>207,254</u>
Total	<u>\$668,924</u>	<u>\$ 0</u>	<u>\$207,254</u>	<u>\$876,178</u>

	2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
TD Ameritrade	\$ 14,765	\$ 0	\$ 0	\$ 14,765
LPL Financial	666,420	0	0	666,420
Main Street Community Foundation	<u>0</u>	<u>0</u>	<u>198,993</u>	<u>198,993</u>
Total	<u>\$681,185</u>	<u>\$ 0</u>	<u>\$198,993</u>	<u>\$880,178</u>

Investments held for long-term purpose are classified as level 3 using figures provided by the third party. Details regarding investments held for long-term purpose measured at fair value on a recurring basis using significant unobservable inputs (level 3) are as follows:

June 30, 2015, value	\$ 199,440
Change in value	4,599
Investment income	2,351
Fees	(1,857)
Distribution	<u>(5,540)</u>
June 30, 2016, value	\$ 198,993
Change in value	13,627
Investment income	5,342
Fees	(3,068)
Distribution	<u>(7,640)</u>
June 30, 2017, value	<u>\$ 207,254</u>

There have been no changes in valuation techniques and related inputs used at June 30, 2017 and 2016.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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, consisted of the following:

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	2017		
	Unrealized		
	<u>Book Value</u>	<u>Market Value</u>	<u>Gain (Loss)</u>
Equity securities	\$ 520,459	\$ 556,069	\$ 35,610
Money market funds	303,796	320,109	16,313
	<u>\$ 824,255</u>	<u>\$ 876,178</u>	<u>\$ 51,923</u>

	2016		
	Unrealized		
	<u>Book Value</u>	<u>Market Value</u>	<u>Gain (Loss)</u>
Equity securities	\$ 584,932	\$ 632,473	\$ 47,541
Money market funds	242,974	247,705	4,731
	<u>\$ 827,906</u>	<u>\$ 880,178</u>	<u>\$ 52,272</u>

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

	2017	2016
Investment income	\$ 44,031	\$ 33,701
Realized gains (losses)	13,446	(15,532)
Interest cash equivalents	1,258	1,045
Total	<u>\$ 58,735</u>	<u>\$ 19,214</u>
Unrealized gain (loss)	<u>\$ (349)</u>	<u>\$ 30,103</u>
Investment related fees	<u>\$ 8,487</u>	<u>\$ 7,233</u>

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are funds that were donated to the United Way of West Central Connecticut, Inc., which are restricted by the donor, as to its use.

Temporarily restricted net assets amounted to \$138,112, as of June 30, 2017. This balance is made up of \$1,500 of advances on an event happening in the 2018 year, \$37,019 of special contribution to be used in the 2018 year, \$99,593 of program restricted funds.

Temporarily restricted net assets amounted to \$115,697 as of June 30, 2016. This balance is made up of \$10,200 of advances on the campaign to be run in the fall of 2016, \$105,497 of program restricted funds.

During the years ended June 30, 2017 and 2016, \$39,154 and \$31,096, respectively, were released from temporarily restriction to be used in accordance with the donor restrictions. The breakdown of the temporarily restrictions for the June 30, 2017, fiscal year end was; campaign advances \$10,200 and \$28,954 for release of program restricted funds. The breakdown of the temporarily restrictions for the June 30, 2016, fiscal year end was: campaign advances \$1,200 and \$29,896 released from program restricted funds.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS:

Net assets-permanently restricted are subjected to donor-imposed stipulations that they be maintained permanently by the United Way. Generally, these donations are given to the organization to invest the principal amount of the fund and to use the income off the investment of these funds for general operating purposes.

The permanently restricted net assets balance as of June 30, 2017 and 2016 is made up as follows:

	<u>2017</u>	<u>2016</u>
Page Fund principal	\$ 168,500	\$ 168,500
Marion Rich Fund principal	163,000	163,000
Moran/Rich Campership Fund principal	<u>9,287</u>	<u>9,287</u>
	<u>\$ 340,787</u>	<u>\$ 340,787</u>

NOTE 12 - UNRESTRICTED NET ASSETS:

Unrestricted net assets are made up of funds which are not specifically restricted as to its use. The majority of these funds are expected to be used for venture grants and to fund other community needs in the next fiscal year.

The board has appropriated a portion of 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.

Appropriated-Board Designated Community Initiatives - are funds that were set aside by the Board for future Community initiative program expenditures.

NOTE 13 - ALLOCATIONS PAYABLE TO DESIGNATED AGENCIES:

Allocations amounting to \$669,306, and \$726,499 were allocated to designated agencies as payable on June 30, 2017 and 2016, respectively. This balance represents twelve months of agencies allocations for the upcoming years. The Board of the United Way of West Central Connecticut, Inc., set the allocations during the years ended June 30, 2017 and 2016 respectively.

A breakdown of the Allocations Payable is as follows:

	<u>2017</u>	<u>2016</u>
Campaign Allocations payable	\$ 260,228	\$ 294,611
Donor Designations	64,265	68,333
Barnes Allocations payable	<u>344,813</u>	<u>363,555</u>
Total Allocations payable	<u>\$ 669,306</u>	<u>\$ 726,499</u>

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 -GRANTS:

The United Way of West Central Connecticut, Inc., receives grants from private foundations to assist in their community initiatives. All of these funds are included in the statement of activities, as special contributions. Grants received during the June 30, 2017 fiscal year were as follows:

The Connecticut State Department of Education provided funding for early childhood capacity building in Bristol and in Plymouth. Bristol received \$16,228 and Plymouth received \$16,228.

The Main Street Community Foundation provided \$30,000 for ending homelessness in Bristol.

The Main Street Community Foundation provided \$3,000 for Plymouth Discovery Program.

NOTE 15 -LEASING ARRANGEMENTS:

The United Way contracts for certain equipment under long term equipment lease arrangements. Future minimum lease payments required under these equipment leases having an initial or remaining noncancellable lease term in excess of one year, as of June 30, 2017 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 2,988
2019	2,988
2020	2,988
2021	2,988
2022	<u>1,992</u>
	<u>\$ 13,944</u>

The equipment lease expenses were \$3,445 and \$2,449 for the years ended June 30, 2017 and 2016, respectively.

NOTE 16 -SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through November 3, 2017. The financial statements were available for issue on November 30, 2017.

**UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
ALLOCATIONS TO AGENCIES AND COMMUNITY INITIATIVES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

Schedule I

<u>Agencies</u>	<u>Allocations Approved 2017/18</u>	<u>Allocations Approved 2016/17</u>
Bristol Adult Resource Center	\$ 8,550	\$ 9,500
Boys and Girls Club and Family Center of Bristol	44,333	49,258
Boys Scouts of America Connecticut Rivers Council	3,420	3,800
Bristol Community Organization	12,825	37,050
Bristol Hospital, Parent & Child Center	6,840	7,600
Bristol Preschool Child Care Center, Inc.	10,260	11,400
Catholic Charities	6,840	7,600
Connecticut Legal Services	3,420	3,800
Community Mental Health Affiliates	12,825	14,250
Girl Scouts of Connecticut	3,420	3,800
HRA of New Britain	17,100	0
Literacy Volunteers of Central Connecticut	4,275	4,750
Nutmeg Big Brother/Big Sister	3,420	3,800
Plainville Association of Retarded Citizens	2,565	2,850
Plainville Early Learning Center	6,413	7,125
Plymouth Community Food Pantry	3,420	3,800
Plymouth Family Resource Center	7,268	8,075
Prudence Crandall Center Inc.	15,390	17,100
St. Vincent DePaul Society of Bristol Inc.	25,650	28,500
Salvation Army	7,268	8,076
United Way of Connecticut	6,846	9,277
Wheeler Clinic	38,475	42,750
Wheeler Regional YMCA	2,565	2,850
YWCA of New Britain	6,840	7,600
Total allocation to agencies	<u>\$ 260,228</u>	<u>\$ 294,611</u>
<u>Community Initiatives</u>		
Education	\$ 41,450	\$ 106,003
Income	26,183	37,413
Health	13,311	12,279
Total allocation to community initiatives	<u>\$ 80,944</u>	<u>\$ 155,695</u>

KIRCALDIE, RANDALL & MGNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017
(with summarized financial information for the year ended June 30, 2016)

Schedule II

	2017		2016	
REVENUES:	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
Total Revenue	\$ 811,209		\$ 886,323	
Gross revenue	\$ 811,209	100.00	\$ 886,323	100.00
EXPENSES:				
Allocations and Functional Expenses:				
Allocations:				
Allocations to agencies from campaign	\$ 260,228		\$ 294,611	
Community initiatives	80,944		155,695	
Donor directed gifts	60,277		54,320	
Total allocations	\$ 401,449	49.49	\$ 504,626	56.93
Functional expenses:				
Allocations and agency relations	\$ 54,694		\$ 52,411	
Community services	160,075		141,383	
Bristol Discovery Grant Initiative	31,484		34,418	
Plymouth Discovery Grant Initiative	34,729		43,823	
Total program services expenses	\$ 280,982	34.64	\$ 272,035	30.69
Fund raising	\$ 71,479		\$ 90,694	
Management and general	87,792		79,560	
Total support services expenses	\$ 159,271	19.63	\$ 170,254	19.21
Total functional expenses	\$ 440,253	54.27	\$ 442,289	49.90
Total allocations and expenses	\$ 841,702	103.76	\$ 946,915	106.83
Decrease in net assets by campaign/allocation	\$ (30,493)	-3.76	\$ (60,592)	-6.83
Unrealized gains or (losses) from investments	(349)		30,103	
Decrease in net assets	\$ (30,842)		\$ (30,489)	

KIRCALDIE, RANDALL & MGNAB LLC