

**UNITED WAY OF WEST CENTRAL
CONNECTICUT, INC.**
Financial Statements
June 30, 2018

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.

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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 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, 2018, 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, 2017 financial statements and, in our report dated November 3, 2017, 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, 2018, 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
September 26, 2018

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018
(with summarized financial information as of June 30, 2017)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 216,567	\$ 236,498
Cash-invested	0	97,842
Investments, at market values	886,399	876,178
Pledges receivable	642,728	551,259
Other current assets	10,803	11,775
Total current assets	\$ 1,756,497	\$ 1,773,552
Plant and Equipment:		
Plant and equipment	\$ 42,664	\$ 68,146
Less - Accumulated depreciation	19,471	66,827
Net plant and equipment	\$ 23,193	\$ 1,319
Total assets	\$ 1,779,690	\$ 1,774,871
LIABILITIES		
Current liabilities:		
Allocations payable to designated agencies	\$ 703,756	\$ 669,306
Accounts payable and accruals	30,934	20,416
Due to affiliates	3,774	4,418
Total current liabilities	\$ 738,464	\$ 694,140
Total liabilities	\$ 738,464	\$ 694,140
NET ASSETS		
Net assets:		
Unrestricted:		
Unappropriated	\$ 582,960	\$ 596,777
Appropriated-Investment in Plant and Equipment	23,193	1,319
Appropriated-Board Community Initiatives	871	3,736
Total unrestricted net assets	\$ 607,024	\$ 601,832
Temporarily restricted	93,415	138,112
Permanently restricted	340,787	340,787
Total net assets	\$ 1,041,226	\$ 1,080,731
Total liabilities and net assets	\$ 1,779,690	\$ 1,774,871

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, 2018

(with summarized financial information for the year ended June 30, 2017)

	2018			2017	
	<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	\$ 518,932	\$ 4,600	\$ 0	\$ 523,532	\$ 557,052
Net assets released from restriction	69,797	(69,797)	0	0	0
Gross contributions	<u>\$ 588,729</u>	<u>\$ (65,197)</u>	<u>\$ 0</u>	<u>\$ 523,532</u>	<u>\$ 557,052</u>
Uncollectible pledge expense	(3,882)	0	0	(3,882)	(15,028)
Net contributions	<u>\$ 584,847</u>	<u>\$ (65,197)</u>	<u>\$ 0</u>	<u>\$ 519,650</u>	<u>\$ 542,024</u>
Other Support:					
Grants & special contributions	\$ 152,124	\$ 19,300	\$ 0	\$ 171,424	\$ 134,932
Interest and investment income	60,620	0	0	60,620	58,735
Support activities income	74,105	1,200	0	75,305	56,423
Administrative fees	33,251	0	0	33,251	19,095
Miscellaneous income	195	0	0	195	0
Total other support	<u>\$ 320,295</u>	<u>\$ 20,500</u>	<u>\$ 0</u>	<u>\$ 340,795</u>	<u>\$ 269,185</u>
Total revenue	<u>\$ 905,142</u>	<u>\$ (44,697)</u>	<u>\$ 0</u>	<u>\$ 860,445</u>	<u>\$ 811,209</u>
Allocations and Other Functional Expenses:					
Allocations:					
Allocations to agencies from campaign	\$ 199,863	\$ 0	\$ 0	\$ 199,863	\$ 260,228
Community initiatives & programs	186,746	0	0	186,746	80,944
Donor directed gifts	65,938	0	0	65,938	60,277
Total allocations	<u>\$ 452,547</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 452,547</u>	<u>\$ 401,449</u>
Other functional expenses:					
Allocations and agency relations	\$ 60,568	\$ 0	\$ 0	\$ 60,568	\$ 54,694
Community services	168,417	0	0	168,417	160,075
Bristol discovery grant initiative	31,813	0	0	31,813	31,484
Plymouth discovery grant initiative	2,022	0	0	2,022	34,729
Total program services expenses	<u>\$ 262,820</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 262,820</u>	<u>\$ 280,982</u>
Fund raising	\$ 85,207	\$ 0	\$ 0	85,207	71,479
Management and general	83,659	0	0	83,659	87,792
Total support services expenses	<u>\$ 168,866</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 168,866</u>	<u>\$ 159,271</u>
Total other functional expenses	<u>\$ 431,686</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 431,686</u>	<u>\$ 440,253</u>
Total allocations and expenses	<u>\$ 884,233</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 884,233</u>	<u>\$ 841,702</u>
Change in Net Assets from Operations	<u>\$ 20,909</u>	<u>\$ (44,697)</u>	<u>\$ 0</u>	<u>\$ (23,788)</u>	<u>\$ (30,493)</u>
Unrealized gains and (losses) from investments	(15,717)	0	0	(15,717)	(349)
Change in Net Assets	<u>\$ 5,192</u>	<u>\$ (44,697)</u>	<u>\$ 0</u>	<u>\$ (39,505)</u>	<u>\$ (30,842)</u>
Net Assets, beginning of year	601,832	138,112	340,787	1,080,731	1,111,573
Net Assets, end of year	<u>\$ 607,024</u>	<u>\$ 93,415</u>	<u>\$ 340,787</u>	<u>\$ 1,041,226</u>	<u>\$ 1,080,731</u>

KIRCALDIE, RANDALL & MCNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(with summarized financial information for the year ended June 30, 2017)

	PROGRAM SERVICES					SUPPORT SERVICES				2018 TOTAL	2017 TOTAL
	ALLOCATIONS AND AGENCY RELATIONS	COMMUNITY SERVICES	BRISTOL DISCOVERY GRANT	PLYMOUTH DISCOVERY GRANT	TOTAL	FUND RAISING	MANAGEMENT AND GENERAL	TOTAL			
ALLOCATIONS TO AGENCIES	\$ 199,863				\$ 199,863				\$ 199,863	\$ 260,228	
COMMUNITY INITIATIVES & PROGRAMS	\$ 186,746				\$ 186,746				\$ 186,746	\$ 80,944	
DONOR DIRECTED GIFTS	\$ 65,938				\$ 65,938				\$ 65,938	\$ 60,277	
COMMUNITY & AGENCY SERVICES PROVIDED BY THE UNITED WAY:											
SALARIES AND RELATED EXPENSES:											
Salaries	\$ 32,518	\$ 101,681	\$ 0	\$ 0	\$ 134,199	\$ 37,582	\$ 37,490	\$ 75,072	\$ 209,271	\$ 195,718	
Employee benefits	7,312	22,864	0	0	30,176	8,451	8,427	16,878	47,054	45,331	
Payroll taxes	3,267	10,215	0	0	13,482	3,776	3,765	7,541	21,023	21,817	
Total salaries and related expenses	\$ 43,097	\$ 134,760	\$ 0	\$ 0	\$ 177,857	\$ 49,809	\$ 49,682	\$ 99,491	\$ 277,348	\$ 262,866	
OTHER EXPENSES:											
Accounting services	\$ 926	\$ 1,851	\$ 0	\$ 0	2,777	\$ 1,543	\$ 1,850	3,393	\$ 6,170	\$ 6,740	
Conferences and meetings	384	770	773	0	1,927	642	771	1,413	3,340	5,834	
Office supplies & expenses	4,033	8,066	6,264	2,022	20,385	6,722	8,066	14,787	35,172	40,014	
Publicity and promotion	1,290	1,291	0	0	2,581	1,978	0	1,978	4,559	8,409	
Rent	4,998	9,996	0	0	14,994	8,330	9,996	18,326	33,320	30,000	
Telephone	806	1,615	88	0	2,509	1,346	1,615	2,961	5,470	3,035	
Postage	763	1,526	0	0	2,289	1,272	1,525	2,797	5,086	5,554	
Professional fees	2,682	5,364	0	0	8,046	4,470	5,364	9,835	17,881	22,979	
Early childhood coordinator	0	0	24,688	0	24,688	0	0	0	24,688	39,066	
Insurance	603	1,205	0	0	1,808	1,005	1,205	2,210	4,018	5,942	
Membership fees	0	0	0	0	0	6,446	1,612	8,058	8,058	8,717	
Total other expenses	\$ 16,485	\$ 31,684	\$ 31,813	\$ 2,022	\$ 82,004	\$ 33,754	\$ 32,004	\$ 65,758	\$ 147,762	\$ 176,290	
Depreciation	986	1,973	0	0	2,959	1,644	1,973	3,617	6,576	1,097	
Total community and agency services expenses	\$ 60,568	\$ 168,417	\$ 31,813	\$ 2,022	\$ 262,820	\$ 85,207	\$ 83,659	\$ 168,866	\$ 431,686	\$ 440,253	
Total	\$ 513,115	\$ 168,417	\$ 31,813	\$ 2,022	\$ 715,367	\$ 85,207	\$ 83,659	\$ 168,866	\$ 884,233	\$ 841,702	

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(with summarized financial information for the year ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Changes in Net Assets	\$ (39,505)	\$ (30,842)
Adjustments to reconcile changes in net assets:		
Depreciation	6,576	1,097
Unrealized (gains) losses on investments	15,717	349
Realized (gains) losses on investments	2,801	(13,446)
Donated equipment	(25,629)	0
Pledges receivable	(91,469)	46,271
Other current assets	972	(924)
Allocations payable to designated agencies	34,450	(57,193)
Accounts payable and accruals	10,518	4,219
Due to affiliates	(644)	1,000
Net cash (used) by operating activities	<u>\$ (86,213)</u>	<u>\$ (49,469)</u>
Cash Flows From Investing Activities:		
Purchase of investments	\$ (177,616)	\$ (142,074)
Purchase of plant and equipment	(2,821)	0
Change in cash invested	97,842	(281)
Redemptions of investments	148,877	159,171
Net cash provided by investing activities	<u>\$ 66,282</u>	<u>\$ 16,816</u>
Cash Flows From Financing Activities:		
Net cash (used) by financing activities	<u>\$ 0</u>	<u>\$ 0</u>
Net (decrease) in cash	\$ (19,931)	\$ (32,653)
Cash and cash equivalents, beginning of year	236,498	269,151
Cash and cash equivalents, end of year	<u><u>\$ 216,567</u></u>	<u><u>\$ 236,498</u></u>

KIRCALDIE, RANDALL & MCNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2017, from which the summarized information was derived.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 and 2017;

	<u>2018</u>	<u>Interest</u>	<u>2017</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	9,885	0.00%	38,022	0.00%
Cash-Money Market-Webster Bank	5,054	0.10%	5,054	0.10%
Cash-Savings-Webster Bank	367	0.00%	796	0.02%
Cash-CD-Thomaston Bank	0	0.00%	54,751	0.25%
Cash-CD-Thomaston Bank	26,130	1.00%	26,037	0.25%
Cash-CD-Farmington Bank	0	0.00%	4,767	0.20%
Cash-Money Market-Farmington Bank	<u>52,864</u>	0.13%	<u>0</u>	0.00%
Total unrestricted	<u>\$ 94,700</u>		<u>\$ 129,827</u>	
Restricted Cash				
Cash-Money Market-Farmington Bank				
-Campership	\$ 49,016	1.20%	\$ 49,633	0.93%
Cash-Savings-Webster Bank-Barnes				
Campaign	<u>72,851</u>	0.02%	<u>57,038</u>	0.02%
Total restricted cash	<u>\$ 121,867</u>		<u>\$ 106,671</u>	
Total cash and equivalents	<u>\$ 216,567</u>		<u>\$ 236,498</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, 2018 and 2017;

	<u>2018</u>	<u>Interest</u>	<u>2017</u>	<u>Interest</u>
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Invested Cash				
Cash-CD-Farmington Bank	\$ 0	0.00%	\$ 36,453	0.35%
Cash-CD-Farmington Bank	<u>0</u>	0.00%	<u>61,389</u>	0.25%
Total invested cash	<u>\$ 0</u>		<u>\$ 97,842</u>	

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, the Investments held had a cost value of \$850,193 and a market value of \$886,399 having an unrealized gain at June 30, 2018, of \$36,206. At June 30, 2017, the Investments held had a cost of \$824,255 and a market value of \$876,178 resulting in an unrealized gain at June 30, 2017, of \$51,923.

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 years).

Donated Materials and Services

Donated materials and equipment are recorded as contributions at their estimated values at date of receipt. During the fiscal year ended June 30, 2018 there was \$25,629 of donated equipment and office furniture. 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, 2018

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 2018 (Fall 2017 campaign) have been accrued at June 30, 2018, and public support recognized in the fiscal year 2017 (Fall 2016 campaign) have been accrued at June 30, 2017, 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, 2019 fiscal year even though the income providing this funding is recognized as revenue in the June 30, 2018 period. Accordingly, these amounts of Initiative funding cannot be accrued as an allocation as of June 30, 2018.

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 2015 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, 2018

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 2017 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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Outstanding Pledges:		
2017 Campaign	\$ 289,191	\$ 0
2016 Campaign	11,268	301,351
2015 Campaign	<u>0</u>	<u>23,018</u>
Total Pledge receivable	<u>\$ 300,459</u>	<u>\$ 324,369</u>
Allowance for Uncollectible:		
2017 Campaign	\$ 15,000	\$ 0
2016 Campaign	11,000	21,000
2015 Campaign	<u>0</u>	<u>23,000</u>
Total allowance	<u>\$ 26,000</u>	<u>\$ 44,000</u>
Net United Way campaign pledge receivable	\$ 274,459	\$ 280,369
Barnes National Pledge campaign	<u>368,269</u>	<u>270,890</u>
Net operating pledge receivable	<u>\$ 642,728</u>	<u>\$ 551,259</u>

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 \$65,938 and \$60,277 at June 30, 2018 and 2017, 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 2018 and 2017, amounted to \$17,672 and \$17,794, 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>2018</u>	<u>2017</u>
Equipment	\$ 42,664	\$ 68,146
Less, accumulated depreciation	<u>19,471</u>	<u>65,827</u>
Net plant and equipment	<u>\$ 23,193</u>	<u>\$ 1,319</u>

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

During the 2018 fiscal year, the United Way added \$28,450 in plant and equipment \$25,629 was from donated equipment and office furniture, and there was \$1,469 for a new computer and \$1,352 for a new phone system. There was \$53,932 of fully depreciated plant and equipment retired. For the 2017 fiscal year, the United Way did not add or retire any of their plant and equipment.

Depreciation expense for the years ended June 30, 2018 and 2017, as follows:

	<u>2018</u>	<u>2017</u>
Operations	<u>\$ 6,576</u>	<u>\$ 1,097</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, CAM is included in the lease thereafter. Rent paid for the 2018 fiscal year was \$30,000.

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

<u>Year ended</u>	<u>Amount</u>
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, 2018 and June 30, 2017, the cash balances did not exceed the insured limit of \$250,000.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - DUE TO AFFILIATES:

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

NOTE 9 - INVESTMENTS AND FAIR VALUE MEASUREMENT:

The following is a list of investments, by account, held by the United Way, at June 30, 2018 and 2017:

	2018		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
TD Ameritrade	\$ 2	\$ 2	\$ 0
LPL Financial	653,840	678,921	25,081
Main Street Community Foundation	<u>196,351</u>	<u>207,476</u>	<u>11,125</u>
	<u>\$ 850,193</u>	<u>\$ 886,399</u>	<u>\$ 36,206</u>

Net investment income of \$60,620 was earned in the 2018 fiscal year end. There were investments that were sold during the fiscal year ended June 30, 2018, which resulted in a realized loss of \$2,801. Investment fees were paid during the June 30, 2016 fiscal year end amounting to \$9,107.

	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.

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);

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
TD Ameritrade	\$ 2	\$ 0	\$ 0	\$ 2
LPL Financial	678,921	0	0	678,921
Main Street Community Foundation	<u>0</u>	<u>0</u>	<u>207,476</u>	<u>207,476</u>
Total	<u>\$678,923</u>	<u>\$ 0</u>	<u>\$207,476</u>	<u>\$886,399</u>

	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>

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, 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	\$ 207,254
Change in value	5,670
Investment income	5,787
Fees	(3,335)
Distribution	<u>(7,900)</u>
June 30, 2018, value	<u>\$ 207,476</u>

There have been no changes in valuation techniques and related inputs used at June 30, 2018 and 2017.

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.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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:

	2018		
	Unrealized		
	Book Value	Market Value	Gain (Loss)
Equity securities	\$ 647,793	\$ 672,873	\$ 25,080
Money market funds	202,400	213,526	11,126
	<u>\$ 850,193</u>	<u>\$ 886,399</u>	<u>\$ 36,206</u>

	2017		
	Unrealized		
	Book Value	Market Value	Gain (Loss)
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>

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

	2018	2017
Investment income	\$ 62,439	\$ 44,031
Realized gains (losses)	(2,801)	13,446
Interest cash equivalents	982	1,258
Total	<u>\$ 60,620</u>	<u>\$ 58,735</u>
Unrealized gain (loss)	<u>\$ (15,717)</u>	<u>\$ (349)</u>
Investment related fees	<u>\$ 9,107</u>	<u>\$ 8,487</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 \$93,415 as of June 30, 2018. This balance is made up of \$5,800 of advances on the campaign to be run in the fall of 2018, \$1,200 of advances on an event happening in the 2019 year and \$86,415 of program restricted funds.

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.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

During the years ended June 30, 2018 and 2017, \$69,797 and \$39,154, respectively, were released from temporarily restriction to be used in accordance with the donor restrictions. The breakdown of the temporarily restrictions released for the June 30, 2018, fiscal year end was; campaign advances and activities of \$1,500 and \$68,297 of program restricted funds. The breakdown of the temporarily restrictions released for the June 30, 2017, fiscal year end was: campaign advances of \$10,200 and \$28,954 from program restricted funds.

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, 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017</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 \$703,756, and \$669,306 were allocated to designated agencies as payable on June 30, 2018 and 2017, 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, 2018 and 2017, respectively.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

A breakdown of the Allocations Payable is as follows:

	<u>2018</u>	<u>2017</u>
Campaign Allocations payable	\$ 199,863	\$ 260,228
Donor Designations	58,600	64,265
Barnes Allocations payable	<u>445,293</u>	<u>344,813</u>
Total Allocations payable	<u>\$ 703,756</u>	<u>\$ 669,306</u>

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, 2018 fiscal year were as follows:

The Barnes Foundation provided \$15,000 for early literacy programs in Bristol.

The Main Street Community Foundation provided \$85,000 for a summer youth employment and career exploration program.

The Stocker Foundation provided \$10,193 for a summer literacy program in Bristol.

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.

The Barnes Foundation provided \$9,000 for early literacy programs in Bristol.

The Community Development Block Grant from the City of Bristol provided \$8,800 for early literacy programs for at-risk children in Bristol.

The Main Street Community Foundation provided \$30,000 for a summer youth employment and career exploration program.

The Stocker Foundation provided \$10,000 for a summer literacy program in Bristol.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 2,988
2020	2,988
2021	2,988
2022	<u>1,992</u>
	<u>\$ 10,956</u>

The equipment lease expenses were \$2,988 and \$3,445 for the years ended June 30, 2018 and 2017, respectively.

NOTE 16 -SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through September 26, 2018. The financial statements were available for issue on October 31, 2018.

**UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
 ALLOCATIONS TO AGENCIES AND COMMUNITY INITIATIVES
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

Schedule I

<u>Agencies</u>	<u>Allocations Approved 2018/19</u>	<u>Allocations Approved 2017/18</u>
Bristol Adult Resource Center	\$ 5,000	\$ 8,550
Boys and Girls Club and Family Center of Bristol	36,000	44,333
Boys Scouts of America Connecticut Rivers Council	0	3,420
Bristol Community Organization	0	12,825
Bristol Hospital, Parent & Child Center	5,000	6,840
Bristol Preschool Child Care Center, Inc.	8,000	10,260
Catholic Charities	0	6,840
Connecticut Coalition to End Homelessness	3,500	0
Connecticut Legal Services	3,500	3,420
Community Mental Health Affiliates	12,000	12,825
Girl Scouts of Connecticut	0	3,420
HRA of New Britain	15,000	17,100
Imagine Nation & Bristol Family Resource Center	10,000	0
Literacy Volunteers of Central Connecticut	3,000	4,275
Nutmeg Big Brother/Big Sister	3,500	3,420
Plainville Association of Retarded Citizens	2,400	2,565
Plainville Early Learning Center	6,400	6,413
Plymouth Community Food Pantry	3,000	3,420
Plymouth Family Resource Center	6,000	7,268
Prudence Crandall Center Inc.	15,000	15,390
St. Vincent DePaul Society of Bristol Inc.	25,000	25,650
Salvation Army	5,000	7,268
United Way of Connecticut	7,063	6,846
Wheeler Clinic	18,000	38,475
Wheeler Regional YMCA	2,500	2,565
YWCA of New Britain	5,000	6,840
Total allocation to agencies	<u>\$ 199,863</u>	<u>\$ 260,228</u>
<u>Community Initiatives and Programs</u>		
Education	\$ 36,468	\$ 41,450
Income	29,056	26,183
Health	9,516	13,311
Summer work program	92,919	0
My free taxes	5,606	0
Other programs	13,181	0
Total allocation to community initiatives	<u>\$ 186,746</u>	<u>\$ 80,944</u>

KIRCALDIE, RANDALL & McNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018
(with summarized financial information for the year ended June 30, 2017)

Schedule II

	2018		2017	
	AMOUNT	%	AMOUNT	%
REVENUES:				
Total Revenue	\$ 860,445		\$ 811,209	
Gross revenue	\$ 860,445	100.00	\$ 811,209	100.00
EXPENSES:				
Allocations and Functional Expenses:				
Allocations:				
Allocations to agencies from campaign	\$ 199,863		\$ 260,228	
Community initiatives & programs	186,746		80,944	
Donor directed gifts	65,938		60,277	
Total allocations	\$ 452,547	52.59	\$ 401,449	49.49
Functional expenses:				
Allocations and agency relations	\$ 60,568		\$ 54,694	
Community services	168,417		160,075	
Bristol Discovery Grant Initiative	31,813		31,484	
Plymouth Discovery Grant Initiative	2,022		34,729	
Total program services expenses	\$ 262,820	30.54	\$ 280,982	34.64
Fund raising	\$ 85,207		\$ 71,479	
Management and general	83,659		87,792	
Total support services expenses	\$ 168,866	19.63	\$ 159,271	19.63
Total functional expenses	\$ 431,686	50.17	\$ 440,253	54.27
Total allocations and expenses	\$ 884,233	102.76	\$ 841,702	103.76
Decrease in net assets by campaign/allocation	\$ (23,788)	-2.76	\$ (30,493)	-3.76
Unrealized gains or (losses) from investments	(15,717)		(349)	
Decrease in net assets	\$ (39,505)		\$ (30,842)	

KIRCALDIE, RANDALL & MCNAB LLC