

**UNITED WAY OF WEST CENTRAL
CONNECTICUT, INC.**
Financial Statements
June 30, 2016

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, 2016, 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, 2015 financial statements and, in our report dated November 5, 2015, 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, 2016, 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, II, and III 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 16, 2016

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

(with summarized financial information as of June 30, 2015)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 218,908	\$ 309,206
Cash-invested	147,804	148,350
Investments, at market values	880,178	844,678
Pledges receivable	597,530	591,049
Other current assets	10,851	12,118
Total current assets	\$ 1,855,271	\$ 1,905,401
Plant and Equipment:		
Plant and equipment	\$ 68,146	\$ 68,146
Less - Accumulated depreciation	65,730	64,422
Net plant and equipment	\$ 2,416	\$ 3,724
Total assets	\$ 1,857,687	\$ 1,909,125
LIABILITIES		
Current liabilities:		
Allocations payable to designated agencies	\$ 726,499	\$ 748,576
Accounts payable and accruals	16,197	14,816
Due to affiliates	3,418	3,671
Total current liabilities	\$ 746,114	\$ 767,063
Total liabilities	\$ 746,114	\$ 767,063
NET ASSETS		
Net assets:		
Unrestricted:		
Unappropriated	\$ 649,572	\$ 573,766
Appropriated-Investment in Plant and Equipment	2,416	3,724
Appropriated-Board Community Initiatives	3,101	87,192
Total unrestricted net assets	\$ 655,089	\$ 664,682
Temporarily restricted:	115,697	136,593
Permanently restricted:	340,787	340,787
Total net assets	\$ 1,111,573	\$ 1,142,062
Total liabilities and net assets	\$ 1,857,687	\$ 1,909,125

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, 2016

(with summarized financial information for the year ended June 30, 2015)

	2016			2015	
	<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	\$ 626,533	\$ 10,200	\$ 0	\$ 636,733	\$ 678,072
Net assets released from restriction	31,096	(31,096)	0	0	0
Gross contributions	<u>\$ 657,629</u>	<u>\$ (20,896)</u>	<u>\$ 0</u>	<u>\$ 636,733</u>	<u>\$ 678,072</u>
Uncollectible pledge expense	(22,113)	0	0	(22,113)	(35,977)
Net contributions	<u>\$ 635,516</u>	<u>\$ (20,896)</u>	<u>\$ 0</u>	<u>\$ 614,620</u>	<u>\$ 642,095</u>
Other Support:					
Special contributions	\$ 174,863	\$ 0	\$ 0	\$ 174,863	\$ 189,295
Interest and investment income	19,214	0	0	19,214	56,904
Support activities income	55,317	0	0	55,317	59,064
Administrative fees	21,728	0	0	21,728	25,741
Miscellaneous income	581	0	0	581	19,698
Total other support	<u>\$ 271,703</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 271,703</u>	<u>\$ 350,702</u>
Total revenue	<u>\$ 907,219</u>	<u>\$ (20,896)</u>	<u>\$ 0</u>	<u>\$ 886,323</u>	<u>\$ 992,797</u>
Allocations and Other Functional Expenses:					
Allocations:					
Allocations to agencies from campaign	\$ 294,611	\$ 0	\$ 0	\$ 294,611	\$ 310,115
Community initiatives	155,695	0	0	155,695	160,678
Designations by donors	54,320	0	0	54,320	102,690
Total allocations	<u>\$ 504,626</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 504,626</u>	<u>\$ 573,483</u>
Other functional expenses:					
Allocations and agency relations	\$ 52,411	\$ 0	\$ 0	\$ 52,411	\$ 50,161
Community services	141,383	0	0	141,383	144,474
Bristol discovery grant initiative	34,418	0	0	34,418	45,052
Plymouth discovery grant initiative	43,823	0	0	43,823	52,832
Total program services expenses	<u>\$ 272,035</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 272,035</u>	<u>\$ 292,519</u>
Fund raising	\$ 90,694	\$ 0	\$ 0	90,694	77,734
Management and general	79,560	0	0	79,560	77,684
Total support services expenses	<u>\$ 170,254</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 170,254</u>	<u>\$ 155,418</u>
Total other functional expenses	<u>\$ 442,289</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 442,289</u>	<u>\$ 447,937</u>
Total allocations and expenses	<u>\$ 946,915</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 946,915</u>	<u>\$ 1,021,420</u>
Change in Net Assets from Operations	<u>\$ (39,696)</u>	<u>\$ (20,896)</u>	<u>\$ 0</u>	<u>\$ (60,592)</u>	<u>\$ (28,623)</u>
Net rental income, per schedule	0	0	0	0	39,801
Unrealized gains and (losses) from investments	30,103	0	0	30,103	(40,488)
Change in Net Assets	<u>\$ (9,593)</u>	<u>\$ (20,896)</u>	<u>\$ 0</u>	<u>\$ (30,489)</u>	<u>\$ (29,310)</u>
Net Assets, beginning of year	664,682	136,593	340,787	1,142,062	1,171,372
Net Assets, end of year	<u>\$ 655,089</u>	<u>\$ 115,697</u>	<u>\$ 340,787</u>	<u>\$ 1,111,573</u>	<u>\$ 1,142,062</u>

KIRCALDIE, RANDALL & McNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(with summarized financial information for the year ended June 30, 2015)

	PROGRAM SERVICES					SUPPORT SERVICES			2016 TOTAL	2015 TOTAL
	ALLOCATIONS AND AGENCY RELATIONS	COMMUNITY SERVICES	BRISTOL DISCOVERY GRANT	PLYMOUTH DISCOVERY GRANT	TOTAL	FUND RAISING	MANAGEMENT AND GENERAL	TOTAL		
ALLOCATIONS TO AGENCIES	\$ 294,611				\$ 294,611				\$ 294,611	\$ 310,115
COMMUNITY INITIATIVES	\$ 155,695				\$ 155,695				\$ 155,695	\$ 160,678
DESIGNATIONS BY DONORS	\$ 54,320				\$ 54,320				\$ 54,320	\$ 102,690
COMMUNITY & AGENCY SERVICES PROVIDED BY THE UNITED WAY:										
SALARIES AND RELATED EXPENSES:										
Salaries	\$ 27,653	\$ 86,607	\$ 0	\$ 0	\$ 114,260	\$ 44,003	\$ 39,587	\$ 83,590	\$ 197,850	\$ 190,630
Employee benefits	4,970	15,566	0	0	20,536	7,909	7,115	15,024	35,560	29,337
Payroll taxes	2,681	8,397	0	0	11,078	4,266	3,838	8,104	19,182	19,618
Total salaries and related expenses	\$ 35,304	\$ 110,570	\$ 0	\$ 0	\$ 145,874	\$ 56,178	\$ 50,540	\$ 106,718	\$ 252,592	\$ 239,585
OTHER EXPENSES:										
Accounting services	\$ 1,065	\$ 2,132	\$ 0	\$ 0	3,197	\$ 1,776	\$ 2,132	3,908	\$ 7,105	\$ 6,400
Conferences and meetings	491	983	5,033	0	6,507	819	983	1,802	8,309	4,980
Office supplies & expenses	2,925	5,850	9,418	430	18,623	4,875	5,850	10,725	29,348	25,996
Publicity and promotion	3,405	3,406	0	0	6,811	5,222	0	5,222	12,033	11,064
Rent	4,500	9,000	0	0	13,500	7,500	9,000	16,500	30,000	27,912
Telephone	408	816	0	0	1,224	680	816	1,496	2,720	3,123
Postage	1,053	2,109	0	0	3,162	1,757	2,109	3,866	7,028	7,919
Professional fees	2,301	4,602	0	654	7,557	3,835	4,602	8,437	15,994	19,696
Early childhood coordinator	0	0	19,967	42,739	62,706	0	0	0	62,706	85,723
Insurance	762	1,523	0	0	2,285	1,271	1,523	2,794	5,079	5,928
Membership fees	0	0	0	0	0	6,454	1,613	8,067	8,067	8,303
Total other expenses	\$ 16,910	\$ 30,421	\$ 34,418	\$ 43,823	\$ 125,572	\$ 34,189	\$ 28,628	\$ 62,817	\$ 188,389	\$ 207,044
Depreciation	197	392	0	0	589	327	392	719	1,308	1,308
Total community and agency services expenses	\$ 52,411	\$ 141,383	\$ 34,418	\$ 43,823	\$ 272,035	\$ 90,694	\$ 79,560	\$ 170,254	\$ 442,289	\$ 447,937
Total	\$ 557,037	\$ 141,383	\$ 34,418	\$ 43,823	\$ 776,661	\$ 90,694	\$ 79,560	\$ 170,254	\$ 946,915	\$ 1,021,420

KIRCALDIE, RANDALL & McNAB LLC

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized financial information for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Changes in Net Assets	\$ (30,489)	\$ (29,310)
Adjustments to reconcile changes in net assets:		
Depreciation	1,308	1,308
Unrealized (gains) losses on investments	(30,103)	40,488
Realized (gains) losses on investments	15,532	(14,595)
Realized (gains) losses on plant and equipment	0	4,950
Pledges receivable	(6,481)	13,114
Other current assets	1,267	(6,618)
Allocations payable	(22,077)	49,461
Accounts payable	1,381	(2,641)
Due to affiliates	(253)	(618)
Net cash provided (used) by operating activities	<u>\$ (69,915)</u>	<u>\$ 55,539</u>
Cash Flows From Investing Activities:		
Sale of plant and equipment	\$ 0	\$ 150,000
Purchase of investments	(95,573)	(201,666)
Change in cash invested	546	(545)
Redemptions of investments	74,644	218,122
Net cash provided (used) by investing activities	<u>\$ (20,383)</u>	<u>\$ 165,911</u>
Cash Flows From Financing Activities:		
Payments on mortgage payable	\$ 0	\$ (190,486)
Net cash (used) by financing activities	<u>\$ 0</u>	<u>\$ (190,486)</u>
Net increase (decrease) in cash	\$ (90,298)	\$ 30,964
Cash and cash equivalents, beginning of year	309,206	278,242
Cash and cash equivalents, end of year	<u><u>\$ 218,908</u></u>	<u><u>\$ 309,206</u></u>
Supplemental Disclosures of Cash Flows:		
Interest paid	<u><u>\$ 0</u></u>	<u><u>\$ 7,510</u></u>

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2015, from which the summarized information was derived.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016 and 2015;

	<u>2016</u>	<u>Interest</u>	<u>2015</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	7,301	0.00%	75,806	0.00%
Cash-Money Market-Webster Bank	5,054	0.10%	5,054	0.10%
Cash-Savings-Webster Bank	2,124	0.01%	984	0.01%
Cash-CD-Thomaston Bank	54,615	0.25%	54,478	0.25%
Cash-CD-Thomaston Bank	75,851	0.25%	75,661	0.25%
Cash-CD-Farmington Bank	4,758	0.25%	4,749	0.20%
Total unrestricted	<u>\$ 150,103</u>		<u>\$ 217,132</u>	
Restricted Cash				
Cash-Savings-Webster Bank-Barnes Campaign	<u>\$ 63,592</u>	0.02%	<u>\$ 85,604</u>	0.02%
Custodial Cash				
Cash-Checking-Thomaston Bank-PECC	5,213	0.00%	5,610	0.00%
Cash-Checking-United Bank-Rental	<u>0</u>	0.00%	<u>860</u>	0.00%
Total custodial cash	<u>\$ 5,213</u>		<u>\$ 6,470</u>	
Total cash and equivalents	<u>\$ 218,908</u>		<u>\$ 309,206</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, 2016 and 2015;

	<u>2016</u>	<u>Interest</u>	<u>2015</u>	<u>Interest</u>
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Invested Cash				
Cash-CD-Farmington Bank	\$ 36,326	0.38%	\$ 36,199	0.35%
Cash-CD-Farmington Bank	61,235	0.25%	61,082	0.25%
Cash-CD-United Bank-Campership	0	0.00%	51,069	0.80%
Cash-CD-Farmington Bank-Campership	<u>50,243</u>	0.93%	<u>0</u>	0.00%
Total invested cash	<u>\$ 147,804</u>		<u>\$ 148,350</u>	

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, the Investments held had a cost value of \$827,906 and a market value of \$880,178 having an unrealized gain at June 30, 2016, of \$52,272. At June 30, 2015, the Investments held had a cost of \$822,508 and a market value of \$844,678 resulting in an unrealized gain at June 30, 2015, of \$22,170.

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, 2016

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 2016 (Fall 2015 campaign) have been accrued at June 30, 2016, and public support recognized in the fiscal year 2015 (Fall 2014 campaign) have been accrued at June 30, 2015, 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, 2017 fiscal year even though the income providing this funding is recognized as revenue in the June 30, 2016 period. Accordingly, these amounts of Initiative funding cannot be accrued as an allocation as of June 30, 2016.

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 2013 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, administration 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, 2016

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 2015 financial statements have been reclassified for comparative purposes to conform with the presentation in the current fiscal years financial statements.

NOTE 2 - PLEDGE RECEIVABLE:

Pledge receivables for the fiscal years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Outstanding Pledges:		
2015 Campaign	\$ 344,197	\$ 0
2014 Campaign	30,898	350,718
2013 Campaign	<u>0</u>	<u>23,596</u>
Total Pledge receivable	<u>\$ 375,095</u>	<u>\$ 374,314</u>
Allowance for Uncollectible:		
2015 Campaign	\$ 38,000	\$ 0
2014 Campaign	22,000	40,000
2013 Campaign	<u>0</u>	<u>15,000</u>
Total allowance	<u>\$ 60,000</u>	<u>\$ 55,000</u>
Net United Way campaign pledge receivable	\$ 315,095	\$ 319,314
Barnes National Pledge campaign	<u>282,435</u>	<u>271,735</u>
Net operating pledge receivable	<u><u>\$ 597,530</u></u>	<u><u>\$ 591,049</u></u>

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 gifts are reported as administrative expenses.

Donor directed gifts of \$54,320 and \$102,690 at June 30, 2016 and 2015, respectively, are reported under allocations.

NOTE 4 - EMPLOYMENT BENEFIT PLAN:

Defined Contribution Plan:

The United Way of West Central Connecticut, Inc. adopted a Defined Contribution Plan, which covers substantially all employees. Contributions to the plan are made by the United Way of West Central Connecticut, Inc. 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 2016 and 2015, amounted to \$13,335 and \$13,332, 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>2016</u>	<u>2015</u>
Equipment	\$ 68,146	\$ 68,146
Less, accumulated depreciation	<u>65,730</u>	<u>64,422</u>
Net plant and equipment	<u>\$ 2,416</u>	<u>\$ 3,724</u>

During the 2016 and 2015 fiscal years, the United Way did not add to their plant and equipment.

As noted in Note 17, on March 31, 2015 the United Way sold its building for \$150,000, resulting in an overall loss of \$4,950.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

There was no old equipment that was retired in the June 30, 2016 and June 30, 2015 fiscal years.

Depreciation expense for the years ended June 30, 2016 and 2015, as follows:

	<u>2016</u>	<u>2015</u>
Operations	<u>\$ 1,308</u>	<u>\$ 1,308</u>

NOTE 6 - PROPERTY LEASES:

The United Way rents its 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. At the end of the fifteen months the rent will continue for an additional 12 months, unless it is terminated. From April 1, 2015 to January 2016, the United Way leased its office space on a month to month basis. Prior to April 1, 2015, the United Way owned and leased out its building to two other not-for-profit community organizations prior to selling its building on March 31, 2015.

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

<u>Year ended</u>	<u>Amount</u>
June 30, 2017	\$ 30,000
June 30, 2018	\$ 25,000

The rental income collected from all tenants for the year ended June 30, 2015, was \$65,492.

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, 2016 and June 30, 2015, 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.

NOTE 9 - INVESTMENTS AND FAIR VALUE MEASUREMENT:

The following is a list of investments, by account, held by the United Way, at June 30, 2016 and 2015:

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
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	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><u>\$ 827,906</u></u>	<u><u>\$ 880,178</u></u>	<u><u>\$ 52,272</u></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.

	2015		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
TD Ameritrade	\$ 17,816	\$ 17,586	\$ (230)
LPL Financial	604,545	627,652	23,107
Main Street Community Foundation	<u>200,147</u>	<u>199,440</u>	<u>(707)</u>
	<u><u>\$ 822,508</u></u>	<u><u>\$ 844,678</u></u>	<u><u>\$ 22,170</u></u>

Net investment income of \$56,904 was earned in the 2015 fiscal year end. There were investments that were sold during the fiscal year ended June 30, 2015, which resulted in a realized gain of \$14,595. Investment fees were paid during the June 30, 2015 fiscal year end amounting to \$7,856.

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, 2016

	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><u>\$681,185</u></u>	<u><u>\$ 0</u></u>	<u><u>\$198,993</u></u>	<u><u>\$880,178</u></u>

	2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
TD Ameritrade	\$ 17,586	\$ 0	\$ 0	\$ 17,586
LPL Financial	627,652	0	0	627,652
Main Street Community Foundation	<u>0</u>	<u>0</u>	<u>199,440</u>	<u>199,440</u>
Total	<u><u>\$645,238</u></u>	<u><u>\$ 0</u></u>	<u><u>\$199,440</u></u>	<u><u>\$844,678</u></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, 2014, value	\$ 200,144
Change in value	217
Investment income	5,697
Fees	(2,198)
Distribution	<u>(4,420)</u>
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	<u><u>\$ 198,993</u></u>

There have been no changes in valuation techniques and related inputs used at June 30, 2016 and 2015.

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, 2016

	2016		
	Unrealized		
	Book Value	Market Value	Gain (Loss)
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>

	2015		
	Unrealized		
	Book Value	Market Value	Gain (Loss)
Equity securities	\$ 608,598	\$ 631,475	\$ 22,877
Money market funds	213,910	213,203	(707)
	<u>\$ 822,508</u>	<u>\$ 844,678</u>	<u>\$ 22,170</u>

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

	2016	2015
Investment income	\$ 33,701	\$ 41,886
Realized gains (losses)	(15,532)	14,595
Interest cash equivalents	1,045	423
Total	<u>\$ 19,214</u>	<u>\$ 56,904</u>
Unrealized gain (loss)	<u>\$ 30,103</u>	<u>\$ (40,488)</u>
Investment related fees	<u>\$ 7,233</u>	<u>\$ 7,856</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 \$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.

Temporarily restricted net assets amounted to \$136,593, as of June 30, 2015. This balance is made up of \$1,200 of advances on the campaign to be run in the fall of 2015, \$135,393 of program restricted funds.

During the years ended June 30, 2016 and 2015, \$31,096 and \$55,802, 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, 2016, fiscal year end was: campaign advances \$1,200 and \$29,896 released from program restricted funds. The breakdown of the temporarily restrictions for the June 30, 2015, fiscal year end was; campaign advances \$13,750 and \$42,052 for release of program restricted funds.

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS:

The permanently restricted net assets balance as of June 30, 2016 and 2015 is made up as follows:

	<u>2016</u>	<u>2015</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 of West Central Connecticut, Inc.

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 \$726,499, and \$748,576 were allocated to designated agencies as payable on June 30, 2016 and 2015, 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, 2016 and 2015 respectively.

A breakdown of the Allocations Payable is as follows:

	<u>2016</u>	<u>2015</u>
Campaign Allocations payable	\$ 294,611	\$ 310,115
Donor Designations	68,333	66,967
Barnes Allocations payable	<u>363,555</u>	<u>371,494</u>
Total Allocations payable	<u>\$ 726,499</u>	<u>\$ 748,576</u>

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 14 -MORTGAGE PAYABLE:

On October 25, 2005, a mortgage note was signed for \$200,000, to the Greater Hartford Business Development Center, Inc., bearing an interest rate of 4.0% payable as interest only for the first six months and then amortized over a period of one hundred twenty (120) months, with a five (5) year balloon payment of the principal sum, together with all unpaid and accrued interest that is due and payable on or before April of 2011. The monthly payments were \$2,025. On February 25, 2010, the mortgage note was refinanced for \$220,000, bearing an initial interest rate of 5.25% for the first five years of the note and was subjected to an index rate change every five years thereafter until the mortgage note is paid off. The mortgage was a 20 year loan which would have been paid off in March of 2030. The monthly payments were \$1,483.

As noted in Note 17, the building which this mortgage was secured on was sold on March 31, 2015, for \$150,000. The mortgage balance was paid off. The mortgage principal paid in the 2015 fiscal year was \$190,486 and interest paid on the mortgage for the 2015 year was \$7,510.

NOTE 15 -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 by the June 30, 2016 fiscal year were as follows:

The William Caspar Graustein Memorial Fund provided funding for early childhood capacity building in Bristol and Plymouth. Bristol received \$19,911, and Plymouth received \$29,911.

The Connecticut State Department of Education provided funding for early childhood capacity building in Bristol and in Plymouth. Bristol received \$18,844 and Plymouth received \$18,844.

The Stocker Foundation provided \$21,054. In April 2015 for summer literacy programs in Bristol, \$8,569.38 was utilized after July 1, 2015.

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

NOTE 16 - BUILDING SALE:

On March 31, 2015, The United Way sold the building for \$150,000. During the 2014 year the United Way recognized an impairment of \$198,000. The loss recognized is broken down as follows:

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Cost of Building	\$ 478,392
Less, depreciation	129,559
Impairment loss	<u>198,000</u>
Net, cost	\$ 150,833
Expense of sale	<u>4,117</u>
	\$ 154,950
Sale price	<u>150,000</u>
Net loss	<u><u>\$ (4,950)</u></u>

NOTE 17 -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, 2016 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 2,449
2018	<u>408</u>
	<u><u>\$ 2,857</u></u>

The equipment lease expenses were \$2,449 and \$2,449 for the years ended June 30, 2016 and 2015, respectively.

NOTE 18 -SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through September 16, 2016. The financial statements were available for issue on November 18, 2016.

**UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
 ALLOCATIONS TO AGENCIES AND COMMUNITY INITIATIVES
 FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

<u>Agencies</u>	<u>Allocations Approved 2016/17</u>	<u>Allocations Approved 2015/16</u>
Bristol Adult Resource Center	\$ 9,500	\$ 10,000
Boys and Girls Club and Family Center of Bristol	49,258	51,850
Boys Scouts of America Connecticut Rivers Council	3,800	4,000
Bristol Community Organization	37,050	39,000
Bristol Hospital, Parent & Child Center	7,600	8,000
Bristol Preschool Child Care Center, Inc.	11,400	12,000
Catholic Charities	7,600	8,000
Connecticut Legal Services	3,800	4,000
Community Mental Health Affiliates	14,250	15,000
Girl Scouts of Connecticut	3,800	4,000
Literacy Volunteers of Central Connecticut	4,750	5,000
Nutmeg Big Brother/Big Sister	3,800	4,000
Plainville Association of Retarded Citizens	2,850	3,000
Plainville Early Learning Center	7,125	7,500
Plymouth Community Food Pantry	3,800	4,000
Plymouth Family Resource Center	8,075	8,500
Prudence Crandall Center Inc.	17,100	18,000
St. Vincent DePaul Society of Bristol Inc.	28,500	30,000
Salvation Army	8,076	8,500
Wheeler Clinic	42,750	45,000
Wheeler Regional YMCA	2,850	3,000
YWCA of New Britain	7,600	8,000
United Way of Connecticut	9,277	9,765
Total allocation to agencies	<u>\$ 294,611</u>	<u>\$ 310,115</u>
<u>Community Initiatives</u>		
Education	\$ 106,003	\$ 119,539
Income	37,413	32,562
Health	12,279	8,577
Total allocation to community initiatives	<u>\$ 155,695</u>	<u>\$ 160,678</u>

KIRCALDIE, RANDALL & MGNAB LLC

Schedule I

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized financial information for the year ended June 30, 2015)

	2016		2015	
	AMOUNT	%	AMOUNT	%
REVENUES:				
Total Revenue	\$ 886,323		\$ 992,797	
Gross revenue	\$ 886,323	100.00	\$ 992,797	100.00
EXPENSES:				
Allocations and Functional Expenses:				
Allocations:				
Allocations to agencies from campaign	\$ 294,611		\$ 310,115	
Designations by donors	54,320		102,690	
Community initiatives	155,695		160,678	
Total allocations	\$ 504,626	56.93	\$ 573,483	57.76
Functional expenses:				
Allocations and agency relations	\$ 52,411		\$ 50,161	
Community services	141,383		144,474	
Bristol Discovery Grant Initiative	34,418		45,052	
Plymouth Discovery Grant Initiative	43,823		52,832	
Total program services expenses	\$ 272,035	30.69	\$ 292,519	29.46
Fund raising	\$ 90,694		\$ 77,734	
Management and general	79,560		77,684	
Total support services expenses	\$ 170,254	19.21	\$ 155,418	15.65
Total functional expenses	\$ 442,289	49.90	\$ 447,937	45.12
Total allocations and expenses	\$ 946,915	106.83	\$ 1,021,420	102.88
Decrease in net assets by campaign/allocation	\$ (60,592)	-6.83	\$ (28,623)	-2.88
Net rental income	0		39,801	
Unrealized gains or (losses) from investments	30,103		(40,488)	
Decrease in net assets	\$ (30,489)		\$ (29,310)	

KIRCALDIE, RANDALL & MGNAB LLC

Schedule II

UNITED WAY OF WEST CENTRAL CONNECTICUT, INC.
SCHEDULE OF BUILDING RENTAL ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized financial information for June 30, 2015)

	2016	2015
Revenue, Gains, and Other Support:		
Rents	\$ 0	\$ 95,492
(Loss) on sale of building	0	(4,950)
Total Revenue	\$ 0	\$ 90,542
 Expenses:		
Utilities:		
Water and sewer	\$ 0	\$ 516
Heat, oil, & gas	0	13,251
Electricity	0	10,135
Total utilities	\$ 0	\$ 23,902
Trash removal	0	1,172
Snow removal	0	3,089
Office expenses	0	139
General maintenance	0	3,077
Service contracts	0	3,041
Housekeeping	0	7,245
Insurance	0	1,566
Interest	0	7,510
Total Expenses	\$ 0	\$ 50,741
Profit (loss)	\$ 0	\$ 39,801

KIRCALDIE, RANDALL & MGNAB LLC

Schedule III