

**UNITED WAY OF WESTERN  
CONNECTICUT, INC. AND ITS SUBSIDIARY**

**Consolidated Financial Statements**

**Year Ended June 30, 2020  
(with comparative totals for 2019)**

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

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## Independent Auditor's Report

The Board of Directors  
United Way of Western Connecticut, Inc. and its Subsidiary  
Danbury, Connecticut

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of United Way of Western Connecticut, Inc. (United Way) and its Subsidiary, which are comprised of the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

The Board of Directors  
United Way of Western Connecticut, Inc. and its Subsidiary

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way of Western Connecticut, Inc. and its Subsidiary as of June 30, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited United Way's financial statements as of and for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cirone Friedberg, LLP*

Shelton, Connecticut  
March 4, 2021

## UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,995,198	\$ 243,333
Investments	2,996,863	3,149,868
Promises to Give, Net of Allowance for Uncollectible Promises of \$93,550 in 2020 and \$54,499 in 2019	1,111,604	1,654,334
Designations Receivable from Others, Net of Allowance for Uncollectible Designations of \$14,850 in 2020 and \$18,753 in 2019	46,232	71,639
Prepaid Expenses and Other Assets	226,715	240,070
Security Deposit	15,000	15,000
Improvements, Furniture, Equipment and Software, Net	70,763	71,033
Agency Assets	<u>70,982</u>	<u>81,153</u>
<b>Total Assets</b>	<b><u>\$ 6,533,357</u></b>	<b><u>\$ 5,526,430</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 231,078	\$ 206,389
Revenue Received in Advance	7,611	12,725
Refundable Advances on Grants	144,765	93,162
Statewide COVID Funds Payable	249,537	-
Agency Liabilities	<u>70,982</u>	<u>81,153</u>
Total Liabilities	<u>703,973</u>	<u>393,429</u>
<u>Net Assets</u>		
Without Donor Restriction:		
Net Investment in Improvements, Furniture, Equipment and Software	70,763	71,033
Board Designated - Children's Programs and Services	309,666	554,167
Board Designated - Other	2,621,072	2,425,597
Undesignated - Available for Operations	<u>50,000</u>	<u>50,000</u>
Total Without Donor Restriction	3,051,501	3,100,797
With Donor Restriction	<u>2,777,883</u>	<u>2,032,204</u>
Total Net Assets	<u>5,829,384</u>	<u>5,133,001</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,533,357</u></b>	<b><u>\$ 5,526,430</u></b>

See notes to financial statements.

## UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**  
(with comparative totals for 2019)

	2020		2019	
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>				
Campaign Revenue:				
Total Amounts Raised in Campaigns	\$ 2,765,602	\$ 586,579	\$ 3,352,181	\$ 3,630,287
Less: Amounts Raised on Behalf of				
Others - Designations, Net	(1,103,845)	-	(1,103,845)	(1,339,588)
Less: Provision for Uncollectible Promises	(93,550)	-	(93,550)	(54,499)
	<u>1,568,207</u>	<u>586,579</u>	<u>2,154,786</u>	<u>2,236,200</u>
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	74,219	-	74,219	111,656
Campaign Revenue, Net	<u>1,642,426</u>	<u>586,579</u>	<u>2,229,005</u>	<u>2,347,856</u>
Designations from Other United Ways, Net	137,434	-	137,434	178,783
Contributions and Sponsorships	1,186,215	456,353	1,642,568	841,963
Fund-raising Events	14,716	-	14,716	158,772
Grants	1,106,190	-	1,106,190	802,399
Statewide COVID Funds Revenue	81,332	-	81,332	-
Interest and Investment Income, Net	119,651	-	119,651	172,840
Fees and Other Income	36,194	-	36,194	24,074
In-kind and Non-Cash Contributions	79,424	-	79,424	147,732
Total	<u>4,403,582</u>	<u>1,042,932</u>	<u>5,446,514</u>	<u>4,674,419</u>
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	27,261	(27,261)	-	-
Satisfaction of Time and Purpose Restrictions	243,418	(243,418)	-	-
Expiration of Time Restrictions	26,574	(26,574)	-	-
Total Net Assets Released from Restrictions	<u>297,253</u>	<u>(297,253)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>4,700,835</u>	<u>745,679</u>	<u>5,446,514</u>	<u>4,674,419</u>
<b>Expenses</b>				
Functional Expenses:				
Community Services:				
Community Impact Grants, Other Distributions and Program Expenses	3,595,089	-	3,595,089	3,158,011
Supporting Services:				
Resource Development and Marketing	443,720	-	443,720	545,058
Management and General	711,322	-	711,322	706,837
Total Supporting Services	<u>1,155,042</u>	<u>-</u>	<u>1,155,042</u>	<u>1,251,895</u>
Total Functional Expenses	4,750,131	-	4,750,131	4,409,906
Cost of Direct Benefits to Donors	-	-	-	47,435
Total Expenses	<u>4,750,131</u>	<u>-</u>	<u>4,750,131</u>	<u>4,457,341</u>
Change in Net Assets	(49,296)	745,679	696,383	217,078
Net Assets At Beginning of Year	<u>3,100,797</u>	<u>2,032,204</u>	<u>5,133,001</u>	<u>4,915,923</u>
<b>Net Assets At End of Year</b>	<b><u>\$ 3,051,501</u></b>	<b><u>\$ 2,777,883</u></b>	<b><u>\$ 5,829,384</u></b>	<b><u>\$ 5,133,001</u></b>

See notes to financial statements.

## UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**  
**(with comparative totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 696,383	\$ 217,078
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	21,115	11,687
Provision for Uncollectible Promises to Give	93,550	54,499
Provision for Uncollectible Designations	15,783	18,873
Realized (Gains) Losses on Sale of Investments	(23,670)	3,630
Unrealized Appreciation on Investments	(17,341)	(77,118)
Changes in:		
Promises to Give	449,180	(631,463)
Designations Receivable from Others	9,624	4,575
Prepaid Expenses and Other Assets	13,355	(56,076)
Agency Assets	10,171	28,708
Accounts Payable and Accrued Expenses	24,689	7,911
Revenue Received in Advance	(5,114)	1,800
Refundable Advances on Grants	51,603	(111,349)
Statewide COVID Funds Payable	249,537	-
Agency Liabilities	(10,171)	(28,708)
Total Adjustments	<u>882,311</u>	<u>(773,031)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,578,694</u>	<u>(555,953)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Furniture and Equipment	(20,845)	(28,803)
Purchase of Investments	(283,065)	(164,656)
Proceeds from Sale of Investments	477,081	339,549
Net Cash Provided by Investing Activities	<u>173,171</u>	<u>146,090</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,751,865	(409,863)
Cash and Cash Equivalents - Beginning of Year	<u>243,333</u>	<u>653,196</u>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 1,995,198</u></b>	<b><u>\$ 243,333</u></b>

See notes to financial statements.

## UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

(with comparative totals for 2019)

	2020				2019	
	Program Services	Resource Development and Marketing	Support Services Management and General	Total	Total	Total
<u>Programs and Community Investments:</u>						
Education	\$ 486,213	\$ -	\$ -	\$ -	\$ 486,213	\$ 698,356
Financial Stability	152,462	-	-	-	152,462	298,718
Food Security	106,372	-	-	-	106,372	93,994
Volunteerism	6,775	-	-	-	6,775	44,522
Basic Needs, Including In-kind of \$5,200 in 2019	645,084	-	-	-	645,084	486,373
Other Community Investments	1,335,232	-	-	-	1,335,232	1,344,851
Less: Raised on Behalf of Others - Designations	(1,103,845)	-	-	-	(1,103,845)	(1,339,588)
Programs and Community Investments, Net	<u>1,628,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,628,293</u>	<u>1,627,226</u>
<u>Employee Related Expenses:</u>						
Salaries	1,128,278	250,728	411,911	662,639	1,790,917	1,572,495
Employee Benefits	173,619	38,582	63,385	101,967	275,586	240,757
Payroll Taxes	99,822	22,183	36,443	58,626	158,448	135,049
Sub-total Employee Related Expenses	<u>1,401,719</u>	<u>311,493</u>	<u>511,739</u>	<u>823,232</u>	<u>2,224,951</u>	<u>1,948,301</u>
<u>Other Expenses:</u>						
Professional and Consulting Fees	73,130	21,435	31,522	52,957	126,087	118,617
Office Supplies and Postage	28,227	8,273	12,167	20,440	48,667	21,205
Telephone and Internet	26,491	7,765	11,419	19,183	45,674	24,890
Printing and Promotion	50,769	14,880	21,883	36,763	87,532	48,984
Occupancy	124,045	17,613	47,724	65,337	189,382	184,440
Insurance	16,340	2,320	6,286	8,606	24,946	24,230
Maintenance of Equipment	70,188	9,966	27,004	36,970	107,158	80,964
Fund-raising Events	-	21,702	-	21,702	21,702	48,919
Conferences, Training and Travel	24,750	7,254	10,668	17,923	42,673	33,017
Dues and Subscriptions	5,669	1,662	2,444	4,105	9,774	5,953
In-kind and Non-Cash Expenses	79,424	-	-	-	79,424	142,532
Miscellaneous	21,519	6,307	9,275	15,582	37,101	55,040
United Way Worldwide Dues	32,278	9,461	13,913	23,374	55,652	33,901
Sub-total Other Expenses	<u>552,830</u>	<u>128,637</u>	<u>194,304</u>	<u>322,942</u>	<u>875,772</u>	<u>822,692</u>
Total Before Depreciation and Amortization	3,582,842	440,131	706,043	1,146,174	4,729,016	4,398,219
Depreciation and Amortization	<u>12,247</u>	<u>3,590</u>	<u>5,279</u>	<u>8,868</u>	<u>21,115</u>	<u>11,687</u>
<b>Total Functional Expenses</b>	<b>\$ 3,595,089</b>	<b>\$ 443,720</b>	<b>\$ 711,322</b>	<b>\$ 1,155,042</b>	<b>\$ 4,750,131</b>	<b>\$ 4,409,906</b>

See notes to financial statements.



# UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(with comparative totals for 2019)

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### NOTE 1 - NATURE OF OPERATIONS

The mission of United Way of Western Connecticut, Inc. (United Way) is to improve the lives of hard-working, struggling households by mobilizing the resources of local communities to create lasting change. United Way fights for the health, education, and financial stability of every person throughout their 15-town service area. United Way is a local, volunteer-led organization working together with community leaders, nonprofit organizations, community volunteers, and businesses to focus on the most pressing needs in the communities of Northern Fairfield County, Southern Litchfield County, and Stamford, Connecticut.

United Way is a not-for-profit organization incorporated under the Nonstock Corporation Act of the State of Connecticut, and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. United Way is also exempt from state income tax.

In November 2019, United Way formed a single-member Limited Liability Company, Prosperity Digital Marketplace, LLC (LLC). The purpose of the LLC is to develop, operate and license a technology platform that delivers needed services to ALICE households that struggle to pay for basic necessities, such as food, housing, child care, health care and transportation, as determined by United Way.

The LLC qualifies as a disregarded entity under Internal Revenue Service regulations, and accordingly, their financial activities are reported within the tax returns of United Way.

Since 2014, United Way has focused on the sustainability of households living paycheck-to-paycheck called **ALICE**<sup>®</sup> (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed). Research conducted in partnership with Rutgers University in 2014 and updated in 2016 and 2018 indicates that more than 40% of households in Connecticut live at or below a basic cost of living threshold. ALICE represents the growing number of individuals and families who are working, but unable to afford the basic necessities of housing, food, child care, health care, and transportation. United Way is focused on impacting the lives of the ALICE population, increasing their financial stability, and ultimately reducing the number of ALICE households in Western Connecticut. United Way's success is rooted in listening directly to ALICE households through community conversations, focusing on targeted outcomes that will improve their lives, and measuring success for continual improvement and to achieve significant systemic change.

United Way has one governing board of directors (Board) comprised of members from each of its three main regions (Northern Fairfield County, Southern Litchfield County, and Stamford) to provide needed expertise and perspective. Additionally, three Community Councils focus on local priorities by identifying community needs, building long-term funding sources, and allocating resources to local service programs.

United Way raises funds and utilizes volunteers and in-kind resources to address local needs that impact households that live paycheck-to-paycheck (ALICE) or in poverty. Resource development activities include annual workplace campaigns, direct mail and email solicitations, major gifts, planned gifts, special events, and securing grant funding. United Way distributes community impact and other grants through open, transparent processes that best benefit the ALICE and poverty populations. Agencies funded by United Way are evaluated for their ability to meet desired outcomes and their financial health.

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**(with comparative totals for 2019)**

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**NOTE 1 - NATURE OF OPERATIONS (CONTINUED)**

Substantial funds are directed to prepare children for successful entry into kindergarten, help families achieve financial stability, and improve access to fresh, healthy foods. United Way engages additional funding sources and collaborative partners to accomplish this work and strives to fund organizations working together towards common population outcomes.

United Way also values volunteerism as an important community resource. Volunteer recruitment, referral and placement with agencies, skilled volunteerism, corporate team volunteerism, youth volunteerism, senior volunteerism, and nonprofit board service training are among the services provided by United Way.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation

The financial activities of United Way and the LLC (collectively, the Organization) are reported within the consolidated financial statements. Intercompany balances and transactions have been eliminated during consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restriction

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's Board.

The net investment in improvements, furniture, equipment and software consists of the net book value of improvements, furniture, equipment and software acquired with net assets without donor restrictions or donated assets.

The Board has also designated certain net assets without donor restriction.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(with comparative totals for 2019)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation (continued)

Net Assets With Donor Restriction

Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. For each of the years ended June 30, 2020 and 2019, the Organization has no net assets to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, or the restricted purpose is satisfied, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the consolidated statement of activities.

Newly Adopted Accounting Standards

Effective July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies and improves existing guidance under U.S. GAAP about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The Organization adopted ASU 2018-08 using the modified prospective method. This method allows the standard to be applied to agreements that are either not completed as of the effective date, or are entered into after the effective date. As such, comparative information in the Organization's financial statements has not been restated and continues to be reported under the accounting standards in effect for that period. Management's analysis of various provisions of ASU 2018-08 resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Effective July 1, 2019, the Organization also adopted FASB ASU 2014-09: *Revenue from Contracts with Customers* (Topic 606). Topic 606 and all subsequently issued clarifying ASUs related to Topic 606 replaced most existing revenue recognition guidance in U.S. GAAP. Topic 606 also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of Topic 606 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services.

The Organization adopted Topic 606 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch up adjustment recognized upon adoption. As such, comparative information in the Organization's financial statements has not been restated and continues to be reported under the accounting standards in effect for that period.

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**(with comparative totals for 2019)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Newly Adopted Accounting Standards (continued)

Management's analysis of various provisions of Topic 606 resulted in no significant changes in the way the Organization recognizes revenue, and therefore, there was no cumulative adjustment for the year ended June 30, 2020. The presentation and disclosures of revenue have been enhanced in accordance with Topic 606.

Revenue Recognition

The Organization recognizes revenue from cost-reimbursable federal, state and city grants, which are conditioned upon certain performance requirements and/or the incurrence of certain allowable qualifying expenses, when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization recognizes contributions, designations and sponsorships when cash, securities, an unconditional promise to give, other assets, a notification of a beneficial interest, or a notification from other United Ways that an amount designated by a donor to an agency in the Organization's footprint are received. Conditional promises to give, that is, those with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

The Organization recognizes fees and other income at a point in time, when they have satisfied their performance obligations, which is when the underlying services have been provided.

Revenue Received in Advance

Revenue received in advance as of June 30 consists of advance program fees and sponsorships received relating to programs and events to take place during the following year.

Support and Revenues

Contributions and Campaign Revenue

Contributions received or promises to give without donor-imposed restrictions are reflected as net assets without donor restriction. Contributions received or promises to give with donor-imposed restrictions are reflected as net assets with donor restriction in the accompanying consolidated financial statements.

Contributions or promises to give with donor-imposed conditions are not recognized as contributions or promises to give in the accompanying consolidated financial statements until the period when the conditions are met.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(with comparative totals for 2019)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Support and Revenues (continued)

Contributions and Campaign Revenue (continued)

Promises to give that are expected to be received within one year of the consolidated financial statement date are reflected at their net realizable value (the gross amount of the promises to give, net of an allowance for uncollectible promises). Promises to give that are expected to be collected more than one year after the consolidated financial statement date are reflected at the present value of their estimated future cash flows using a discount rate at the date the promise to give is received commensurate with the risks involved.

Contributions raised on behalf of others designated by the donors to be paid to specific agencies or other United Ways (Designations) are considered agency transactions. Such Designations are reflected, net of a provision for uncollectible Designations, in the accompanying consolidated statement of activities as part of total amounts raised in campaigns, but are not considered to be part of the campaign revenue of the Organization and are therefore deducted to reflect the Organization's campaign revenue. The Organization earns administrative fees for the processing of designated contributions. The Organization has included in total revenues amounts raised by other United Ways that were designated by donors to be paid to the Organization. In addition, the Organization increases or reduces campaign revenue for any excess or shortfall collections of amounts raised in prior year campaigns.

Net Community Impact Grants and Other Distributions

Community impact grants and other distributions are made to programs approved by the Organization's Board from funds raised in the annual campaign. The Organization recognizes an expense and a liability when amounts are communicated to the partner organizations operating the programs in an award letter. The Organization has presented in the accompanying consolidated statement of activities gross community investments and other distributions with a reduction for community investments and other distributions funded through designations.

Allowance for Uncollectible Promises to Give and Designations

An allowance for uncollectible promises to give and Designations has been established which is evaluated periodically for adequacy based upon management's evaluation of past loss experience, known and inherent risks in its accounts plus other factors which could affect collectibility.

Contributed Goods and Services and Non-Cash Contributions

Goods or services have been provided by various organizations, and a number of unpaid volunteers have contributed their time and resources in the Organization's planning, budgeting and community fund grants and other distribution activities and fund-raising campaigns.

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**(with comparative totals for 2019)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributed Goods and Services and Non-Cash Contributions (continued)

Contributions are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. None of the volunteer services provided to the Organization during either of the years ended June 30, 2020 and 2019 were required to be recognized in the accompanying consolidated financial statements.

For the years ended June 30, in-kind contributions and in-kind expenses reflected in the accompanying consolidated financial statements consisted of the following:

	<u>2020</u>	<u>2019</u>
In-kind and Non-Cash Contributions:		
Back to School Program	\$17,337	\$ 56,570
Children's Accessories	1,041	-
Media Advertising	35,061	59,260
Volunteer Center Programs (a)	25,510	10,403
Mobile Food Pantries	375	1,770
Fund-raising Events - Auction Items	<u>100</u>	<u>19,729</u>
 Total	 <u>\$79,424</u>	 <u>\$147,732</u>
 In-kind and Non-Cash Expenses:		
Back to School Program	\$17,337	\$ 56,570
Children's Accessories	1,041	-
Media Advertising	35,061	59,260
Volunteer Center Programs (a)	25,510	10,403
Mobile Food Pantries	375	1,770
Fund-raising Events - Auction Items	<u>100</u>	<u>19,729</u>
 Total	 <u>\$79,424</u>	 <u>\$147,732</u>

(a) Included within volunteer center programs are contributions consisting primarily of children's books, games, diapers, school supplies, toys and various personal care items that were distributed to other not-for-profit agencies totaling \$5,200 for the year ended June 30, 2019. The related in-kind expense for these items is included in programs and community investments expense in the accompanying consolidated financial statements.

Cash Equivalents and Statement of Cash Flows

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less, at the time of purchase, to be cash equivalents.

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**(with comparative totals for 2019)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments are stated at fair value. Interest and investment income, net, including realized gains and losses and unrealized appreciation or depreciation on investments, are reflected in the accompanying consolidated statement of activities.

Improvements, Furniture, Equipment and Software

All acquisitions of improvements, furniture, equipment and software are reflected at cost or their fair value at the date of the gift. Depreciation and amortization is provided for over the estimated useful lives of the assets on a straight-line basis, which range from three to fifteen years, including improvements, which are amortized over the terms of the respective leases. It is the Organization's policy to remove fully depreciated assets no longer in service from its financial records.

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classifications, length of service and other factors. The Organization's policy is to accrue compensated absences.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by the Organization on an equitable basis. Salaries, related benefits, professional and consulting fees, office supplies and postage, telephone and internet, printing and promotion, insurance, conferences, training and travel, dues and subscriptions, and United Way Worldwide dues are allocated based on time and effort of individual employees. Occupancy costs and depreciation and amortization are allocated based on the square footage utilized by the various programs and support services.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(with comparative totals for 2019)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subsequent Events

Management has evaluated subsequent events through March 4, 2021, the date the consolidated financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

Reclassifications

Certain amounts for 2019 have been reclassified, where appropriate, to conform to the 2020 presentation.

**NOTE 3 - CONCENTRATION OF CASH CREDIT RISK**

The Organization maintains a cash account at a Connecticut bank and money market and investment accounts at two local brokerage firms. The cash account is insured up to \$250,000 by the Federal Deposit Insurance Corporation. The money market and investment accounts are insured by the Securities Investor Protection Corporation up to \$500,000. At times during the year, the cash balances may have exceeded the insured limits.

**NOTE 4 - LIQUIDITY**

The Organization monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2020 and 2019, the following financial assets are available to meet annual operating needs of the years ending June 30, 2021 and 2020, respectively:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,995,198	\$ 243,333
Unrestricted Investments	2,996,863	3,149,868
Promises to Give, Net	1,111,604	1,654,334
Designations Receivable from Others, Net	<u>46,232</u>	<u>71,639</u>
Total	6,149,897	5,119,174
Less: Amounts Not Available for Use Within One Year:		
Net Assets With Donor Restriction, Purpose, Not Expected to be Satisfied Within One Year	72,272	-
Net Assets With Donor Restriction, Time and Purpose, Not Expected to be Satisfied Within One Year	2,644,182	1,275,142
Net Assets Without Donor Restriction - Board Designated Not Expected to be Satisfied Within One Year	<u>2,069,321</u>	<u>2,068,414</u>
Financial Assets Available to Meet General Expenditures over the Next Year	<u>\$1,364,122</u>	<u>\$1,775,618</u>



**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5 - INVESTMENTS**

U.S. GAAP has established a definition and framework for measuring fair value, and disclosure about fair value measurements. Fair value is the exchange price that would be received for an asset or liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs used to measure fair value, requiring entities to maximize the use of markets or observable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs generally require significant management judgment.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset, such as quoted prices for similar assets or liabilities.
- Level 3 inputs are unobservable inputs for the assets or liability.

Investments at June 30, categorized according to the fair value hierarchy for those investments subject to categorization in the fair value hierarchy are summarized as follows:

	Quoted Prices in Active Markets for Identical Assets (Level1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>2020</u>				
Total Investments	\$ <u>2,996,863</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>2,996,863</u>
<u>2019</u>				
Total Investments	\$ <u>3,149,868</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>3,149,868</u>

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

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**NOTE 5 - INVESTMENTS (CONTINUED)**

The Organization's investments are comprised of money market funds, fixed income securities, equity mutual funds and exchange traded funds. Fair value for these investments is based on quoted marked prices and published net asset values. Investments at June 30, consist of the following:

<u>2020</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 279,422	\$ 279,422	\$ -
Fixed Income Securities	791,127	763,004	28,123
Equity Mutual Funds	<u>1,235,101</u>	<u>968,943</u>	<u>266,158</u>
Total	<u>2,305,650</u>	<u>2,011,369</u>	<u>294,281</u>
At Commonwealth Financial Network:			
Money Market Funds	76,474	76,474	-
Equity Mutual Funds	491,801	384,044	107,757
Exchange Traded Funds	<u>122,938</u>	<u>115,572</u>	<u>7,366</u>
Total	<u>691,213</u>	<u>576,090</u>	<u>115,123</u>
Total Investments	<u>\$2,996,863</u>	<u>\$2,587,459</u>	<u>\$409,404</u>
<u>2019</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
At a Brokerage Affiliate of Union Savings Bank:			
Money Market Funds	\$ 127,194	\$ 127,194	\$ -
Fixed Income Securities	885,197	873,766	11,431
Equity Mutual Funds	<u>1,358,009</u>	<u>1,087,782</u>	<u>270,227</u>
Total	<u>2,370,400</u>	<u>2,088,742</u>	<u>281,658</u>
At Commonwealth Financial Network:			
Money Market Funds	172,786	172,786	-
Equity Mutual Funds	506,466	396,783	109,683
Exchange Traded Funds	<u>100,216</u>	<u>99,494</u>	<u>722</u>
Total	<u>779,468</u>	<u>669,063</u>	<u>110,405</u>
Total Investments	<u>\$3,149,868</u>	<u>\$2,757,805</u>	<u>\$392,063</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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**NOTE 5 - INVESTMENTS (CONTINUED)**

For the years ended June 30, interest and investment income, net, included the following:

	<u>2020</u>	<u>2019</u>
Interest Income	\$ 621	\$ 307
Dividend Income, Including Capital Gain Distributions	78,019	99,045
Net Realized Gains (Losses) on Sale of Investments	23,670	(3,630)
Unrealized Appreciation on Investments	<u>17,341</u>	<u>77,118</u>
Net	<u>\$119,651</u>	<u>\$172,840</u>

Net realized gains (losses) on sale of investments for the years ended June 30 was as follows:

	<u>2020</u>	<u>2019</u>
Proceeds	\$ 477,081	\$339,549
Cost	<u>(453,411)</u>	<u>(343,179)</u>
Net	<u>\$ 23,670</u>	<u>\$ (3,630)</u>

**NOTE 6 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK**

Concentrations of credit risk arise due to the Organization's solicitation of promises for charitable contributions from companies and individuals located within the western Connecticut area. The Organization does not obtain collateral for its promises, but monitors the status of its past due receivables and provides an allowance for uncollectible promises. The Organization had two and one major corporate donors, including their employees, and one individual donor during each of the years ended June 30, 2020 and 2019, that accounted for approximately 40% and 25% of total amounts raised in campaigns, and three and two corporate donors that accounted for approximately 61% and 73% of amounts raised on behalf of others, respectively. Amounts due from one and two of these donors was approximately 12% and 54% of gross promises to give at June 30, 2020 and 2019, respectively.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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**NOTE 6 - PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK (CONTINUED)**

Total amounts raised in campaigns for the year ended June 30, 2020, and promises to give, net at June 30, 2020, primarily from the 2019-2020 campaign, were comprised of the following:

Annual Campaign Support

Local Campaign Promises - Due in One Year or less	\$ 2,445,013
Local Campaign Promises - Due in One to Five Years (a)	<u>907,168</u>
Total	3,352,181
Less: Allowance for Uncollectible Accounts	<u>(93,550)</u>
Net Annual Campaign Support	3,258,631

Amounts Collected

Local Campaign Promises	<u>(2,096,052)</u>
Promises to Give, Before Designation to Other Agencies	1,162,579
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(50,975)</u>
Promises to Give, Net	<u>\$ 1,111,604</u>

(a) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 4.5%. These amounts are deemed fully collectible at June 30, 2020, and no allowance for uncollectible promises has been established.

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

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**NOTE 6 PROMISES TO GIVE, CAMPAIGN REVENUE AND CONCENTRATION OF RECEIVABLE CREDIT RISK (CONTINUED)**

Total amounts raised in campaigns for the year ended June 30, 2019, and promises to give, net at June 30, 2019, primarily from the 2018-2019 campaign were comprised of the following:

Annual Campaign Support

Local Campaign Promises - Due in One Year or less	\$ 2,687,005
Local Campaign Promises - Due in One to Five Years (a)	<u>943,282</u>
Total	3,630,287
Less: Allowance for Uncollectible Accounts	<u>(54,499)</u>
Net Annual Campaign Support	3,575,788

Amounts Collected

Local Campaign Promises	<u>(1,859,004)</u>
Promises to Give, Before Designation to Other Agencies	1,716,784
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others	<u>(62,450)</u>
Promises to Give, Net	<u>\$ 1,654,334</u>

(b) Promises to give are reflected at the present value of the estimated future cash flows using a discount rate of 4.5%. These amounts are deemed fully collectible at June 30, 2019, and no allowance for uncollectible promises has been established.

**NOTE 7 - IMPROVEMENTS, FURNITURE, EQUIPMENT AND SOFTWARE, NET**

Improvements, furniture, equipment and software, net at June 30, consisted of the following:

	<u>2020</u>	<u>2019</u>
Leasehold Improvements	\$ 2,468	\$ 2,468
Office Furniture, Equipment and Software	<u>199,425</u>	<u>178,582</u>
	201,893	181,050
Less: Accumulated Depreciation and Amortization	<u>(131,130)</u>	<u>(110,017)</u>
Improvements, Furniture, Equipment and Software, Net	<u>\$ 70,763</u>	<u>\$ 71,033</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(with comparative totals for 2019)

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**NOTE 8 - AGENCY ASSETS AND LIABILITIES**

Designations

The Organization acts as an agent with respect to certain portions of its fund-raising campaigns for which contributions are designated by the donors to be paid to specific agencies or other United Ways. Agency assets consist primarily of promises to give and cash not yet remitted. Agency liabilities consist primarily of designations payable to agencies and other United Ways.

Fiscal Processing Arrangements

The Organization acts as a fiscal processing agency for several community organizations which carry out community impact programs serving the Southern Litchfield County area. Promises to give and cash collected and held on behalf of these organizations, to be disbursed at the direction of these organizations, are considered agency assets and liabilities.

Agency assets and liabilities at June 30 consist of the following:

	<u>2020</u>	<u>2019</u>
Agency Assets:		
Cash	\$20,007	\$ 18,709
Promises to Give, Net	<u>50,975</u>	<u>62,444</u>
Total	<u>\$70,982</u>	<u>\$81,153</u>
Agency Liabilities:		
Designations	\$50,975	\$ 62,444
Fiscal Processing Arrangements:		
New Milford Culinary School	-	234
Car Seat Safety Program	4,732	5,184
Walking Project	1,497	4,656
New Milford Substance Abuse	13,778	8,260
Healthy 2020	<u>-</u>	<u>375</u>
Total	<u>\$70,982</u>	<u>\$81,153</u>

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9 - LINE OF CREDIT**

The Organization has a \$500,000 revolving line of credit agreement, subject to annual review and renewal. The line bears interest at the prime rate plus 1.0%. The prime rate at June 30, 2020 and 2019 was 4.25% and 5.50%, respectively. The line of credit is secured by the investments in the account at the brokerage affiliate of Union Savings Bank, with the Organization being required to maintain a minimum balance of \$1,000,000. The Organization's Board has adopted a line of credit spending policy indicating that the line of credit is intended to be used solely for short-term cash flow timing needs.

There were no borrowings against the line of credit at June 30, 2020 and 2019. There was no interest expense on the line of credit for either of the years ended June 30, 2020 and 2019.

**NOTE 10 - NET ASSETS**

Net Assets Without Donor Restriction - Board Designated

As of June 30, the Board has designated the following amounts for the purposes indicated:

Children's Programs and Services

These amounts consist of the unexpended portion of an initial \$3,400,000 from sales proceeds of closely held stock during the year ended June 30, 2008 plus an additional \$407,000 from a gift from an anonymous donor during the year ended June 30, 2011, to be used for Children's Programs and Services benefiting children in Northern Fairfield County. The Board intends that these funds be expended in a scheduled fashion over the next several years. The remaining designated balance was \$309,666 and \$554,167 at June 30, 2020 and 2019, respectively.

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**(with comparative totals for 2019)**

**NOTE 10 - NET ASSETS (CONTINUED)**

Board Designated - Other

	<u>2020</u>	<u>2019</u>
Stabilization Reserve Fund (a)	\$ 542,303	\$ 625,948
Stamford Society (b)	1,155	6,155
Future Community Impact Awards (c)	109,747	66,743
Stamford Rent and Operations (d)	280,000	340,000
Furthering Volunteerism (e)	160,419	165,000
HRA Benefit Plan (f)	15,000	-
ALICE Enrichment Fund (g)	41,000	26,500
Community Impact Operations (h)	1,471,448	1,164,295
Imagination Library (i)	-	7,911
Community Impact Grants - Danbury (j)	<u>-</u>	<u>23,045</u>
<b>Total</b>	<b><u>\$2,621,072</u></b>	<b><u>\$2,425,597</u></b>

- (a) Designated to insure against unforeseen campaign, economic and organizational circumstances.
- (b) The Board has approved the designation of certain net assets without restriction, including planned gifts and assets received from sources other than the annual campaign, for a fund known as the Stamford Society. The purpose of the fund is to support special projects or special needs of the community of Stamford, which in the Board's opinion were not being adequately addressed by the annual campaign and the annual allocations process.
- (c) The Board had designated \$70,993 from amounts raised in the 2010-2011 campaign plus an additional \$70,000 approved from the proceeds of the sale of the Stamford facility, to be awarded to agencies to be selected subsequent to June 30, 2012 of which \$66,743 remained designated at June 30, 2020 and 2019. Additionally, the Board designated an additional \$43,004 to this fund during the year ended June 30, 2020.
- (d) The Board had designated \$608,000 from the proceeds of the sale of the Stamford facility to be used to fund the future rent and operations of the new Stamford premises of which \$280,000 and \$340,000 remained designated at June 30, 2020 and 2019, respectively.
- (e) The Board had designated \$340,000 for activities and programs to encourage volunteerism, of which \$160,419 and \$165,000 remained designated as of June 30, 2020 and 2019, respectively.
- (f) During the year ended June 30, 2020, the Board designated \$15,000 of remaining funds from the 2019-2020 employee health reimbursement plan to fund reimbursements for the 2020-2021 plan.
- (g) The Board had designated \$29,000 for activities related to the ALICE Enrichment Fund of which and \$26,500 remained designated at June 30, 2020 and 2019. The Board designated an additional \$14,500 during the year ended June 30, 2020.
- (h) At June 30, 2020 and 2019, the Board had designated \$1,519,209 and \$1,164,295 for future grants or endowments for community impact programs, respectively.
- (i) At June 30, 2019, the Board had designated \$7,911 for expenditures related to imagination library. These funds were fully expended during the year ended June 30, 2020.
- (j) During the year ended June 30, 2019, the Board designated \$23,045 to fund community impact grants in the Danbury area. Those funds were fully expended during the year ended June 30, 2020.



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**NOTE 10 - NET ASSETS (CONTINUED)**

Net Assets With Donor Restriction

Net assets with donor restriction at June 30 were restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Purpose Restricted:		
ALICE Programs	\$ 128,295	\$ 71,648
ALICE Saves	102,197	113,458
Financial Opportunity Center	63,302	74,302
Ready Set - Lets Read	1,526	-
Heart of Gold Scholarship	<u>5,000</u>	<u>10,000</u>
Total Purpose Restricted	<u>300,320</u>	<u>269,408</u>
Time Restricted:		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>-</u>	<u>26,574</u>
Time and Purpose Restricted:		
Back to School	20,896	30,925
Youth Volunteer Program	-	42,834
Working Cities - FCCF	51,264	22,000
Agewell CT Ambassador Program	112,535	-
The Volunteer Center - Save Program	27,776	15,207
Stamford Cradle to Career	133,225	78,000
Stamford Food Collaborative	5,000	-
ALICE Long Term Sustainability - Healthy Savings	-	30,000
ALICE Senior Program	-	8,000
ALICE Long Term Sustainability	1,729,267	1,154,110
ALICE Emergency Fund - COVID Response	153,187	-
ALICE Long Term Sustainability - Food Policy Manager	78,906	140,602
ALICE - Stamford Cradle to Career	-	3,000
Food Security Program	23,751	12,329
Summer Start Program	-	5,000
Healthy Savings Program	30,400	-
Buck Middle School Transition Program	-	27,894
The Sandra L. and John P. Rankin Education and Income Fund	111,356	111,356
Almira Foundation - Financial Opportunity Center	<u>-</u>	<u>54,965</u>
Total Time and Purpose Restricted	<u>2,477,563</u>	<u>1,736,222</u>
Total Net Assets With Donor Restriction	<u>\$2,777,883</u>	<u>\$2,032,204</u>

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

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**NOTE 10 - NET ASSETS (CONTINUED)**

Net Assets With Donor Restriction (continued)

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes, by occurrence of other events or by passage of time for the years ended June 30 were as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
ALICE Saves	\$ 11,261	\$ -
Financial Opportunity Center	11,000	4,808
Heart of Gold Scholarship	<u>5,000</u>	<u>5,000</u>
Total Purpose Restrictions	<u>27,261</u>	<u>9,808</u>
Expiration of Time Restrictions:		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>26,574</u>	<u>1,009</u>
Expiration of Time and Purpose Restrictions:		
Back to School	10,029	2,657
The Volunteer Center - Volunteerism	-	15,000
Youth Volunteer Program	42,834	-
ALICE Long Term Sustainability - Healthy Savings	30,000	2,820
ALICE Senior Program	8,000	-
ALICE - Long Term Sustainability Food Policy Manager	61,696	56,098
ALICE - Stamford Cradle to Career	3,000	-
Food Security	-	10,230
Summer Start Program	5,000	3,500
Buck Middle School Transition Program	27,894	22,106
The Sandra L. and John P. Rankin Education and Income Fund	-	110,120
Almira Foundation - Financial Opportunity Center	<u>54,965</u>	<u>3,291</u>
Total Time and Purpose Restrictions	<u>243,418</u>	<u>225,822</u>
Total	<u>\$297,253</u>	<u>\$236,639</u>

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

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**NOTE 11 - GRANTS**

The Organization is the recipient of several grants. Grant revenue is recognized as grant funds are expended. Grants receivable represents expenditures on grants incurred in excess of payments received from grantors. Refundable advances on grants consist of payments received from grantors where the payments received were in excess of expenditures incurred. Management of the Organization does not anticipate that there would be any material changes as a result of grant audits.

Refundable advances on grants at June 30 and grant revenue for the year ended June 30 consisted of the following:

<u>2020</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
State of Connecticut - Office of Early Childhood	\$ -	\$ 87,476
Working Cities - Community Development Block Grant	-	20,378
Emergency Food and Shelter	-	324,530
Danbury Grant for Social Services	-	252,750
Let's Go Grant	-	5,757
Small Business Administration (SBA) - Paycheck Protection Program (PPP)	131,510	230,790
Cora's Kids Sparkler Grant	-	42,353
Working Cities Challenge Grant	<u>13,255</u>	<u>142,156</u>
 Total	 <u>\$144,765</u>	 <u>\$1,106,190</u>
 <u>2019</u>	 <u>Refundable Advances</u>	 <u>Grant Revenue</u>
State of Connecticut - Office of Early Childhood	\$ -	\$ 74,572
Working Cities - Community Development Block Grant	-	30,238
Emergency Food and Shelter	-	170,422
Strong Start Neighborhood Initiative	-	45,000
Danbury Grant for Social Services	12,750	245,000
Let's Go Grant	-	23,067
Bloomberg Grant	-	68,221
Grossman Parents as Teachers Grant	-	13,229
Working Cities Challenge Grant	<u>80,412</u>	<u>132,650</u>
 Total	 <u>\$ 93,162</u>	 <u>\$ 802,399</u>

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(with comparative totals for 2019)

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**NOTE 12 - DESIGNATIONS FROM OTHER UNITED WAYS, NET**

Net amounts designated from other United Ways for the years ended June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Gross Revenue	\$153,217	\$198,386
Less: Designation Paid to Agencies	-	(730)
Less: Provision for Uncollectible Designations	<u>(15,783)</u>	<u>(18,873)</u>
Designations from Other United Ways, Net	<u>\$137,434</u>	<u>\$178,783</u>

**NOTE 13 - FUNDRAISING**

The Organization's fund-raising activities consist primarily of the Heart of Gold dinner and Hometown Heroes dinner, along with other fund-raising events which include King of The Hill and United at the Cove 5k. Several of these events were not held in 2020, due to the COVID pandemic. A summary of fund-raising activities for the years ended June 30, is as follows:

	<u>2020</u>	<u>2019</u>
<u>Revenue</u>	<u>\$14,716</u>	<u>\$158,772</u>
<u>Expenses</u>		
Fund-raising and Other Event Expenses	21,702	48,919
Direct Benefit to Donors	-	<u>47,435</u>
Total Expenses	<u>21,702</u>	<u>96,354</u>
Net (Expense) Revenue	<u>\$ (6,986)</u>	<u>\$62,418</u>

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**(with comparative totals for 2019)**

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**NOTE 14 - SMALL BUSINESS ADMINISTRATION - PAYROLL PROTECTION PROGRAM**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act created a new program administered by the SBA called the PPP. The PPP provides loans to qualifying businesses for up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest will be forgivable after twenty-four weeks as long as the Organization uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the twenty-four week period unless the Organization meets certain conditions. The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with deferred payments for the first six months.

During the year ended June 30, 2020 the Organization received loan proceeds of \$362,300 under the PPP. The Organization has concluded the PPP represents, in substance, a grant that is expected to be forgiven and has accounted for the proceeds from the PPP in accordance with FASB Accounting Standards Codification (ASC) 958-605: *Not-for-Profit Entities - Revenue Recognition* (ASC 958-605). Under ASC 958-605, proceeds from the PPP are conditional and are initially recorded as a refundable advance. The refundable advance is then reduced and income is recognized once the conditions of release have been substantially met or explicitly waived. During the year ended June 30, 2020, the Organization has estimated that they incurred \$230,790 of qualifying expenses and determined it has met the requirements for forgiveness and has recognized \$230,790 of grant revenue. A refundable advance balance of \$131,510 remained as of June 30, 2020. The Organization has incurred qualifying expenses before the expiration of the twenty-four week period and qualified for the full amount of the PPP proceeds to be forgiven.

On December 7, 2020, the Organization received a letter from Newtown Savings Bank stating that their loan forgiveness was approved by the SBA.

**NOTE 15 - REVENUES FROM CONTRACTS WITH CUSTOMERS**

Disaggregated Revenues

For the years ended June 30, 2020 and 2019, fees and other income recognized under Topic 606, at a point in time, were \$36,194 and \$24,074, respectively.

The Organization's revenue, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions, geographical regions of its customers and donors, type of contract and contract duration.

**UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**(with comparative totals for 2019)**

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**NOTE 16 - RETIREMENT AND BENEFIT PLANS**

The Organization has a 401(k) plan to which it contributes 7% of each eligible employee's salary. In addition, all eligible employees may make voluntary pre-tax contributions to the 401(k) plan. The Organization will match 50% of the employee's contribution, not to exceed 2% of their salary.

The Organization also has a tax deferred annuity plan under Internal Revenue Service Section 403(b), to which no Organization contributions have been made. These assets remain in a separate account maintained by the plan administrator.

Employer contributions of approximately \$106,000 and \$102,000 for the years ended June 30, 2020 and 2019, respectively, are included in employee benefits.

The Organization also provides an Employee Health Reimbursement Account benefit for full time employees. The plan provides for reimbursable expenses up to \$1,750 for individual coverage and \$2,750 for family coverage toward the annual health insurance plan deductible.

**NOTE 17 - LEASE ARRANGEMENTS**

Equipment Leases

The Organization leases office equipment under several leases expiring at various dates through December 2022 at a present monthly rental aggregating approximately \$2,100.

Automobile Lease

In October 2015, the Organization entered into an agreement to lease an automobile for a three-year period at a monthly rental of approximately \$410. The lease was terminated in August 2018, and the Organization entered into a new lease agreement for another vehicle. The new lease required an initial down payment of \$5,050, and monthly payments of \$395 for 39 months.

Rental Expense - Litchfield

The Organization leases office space in New Milford, Connecticut, on a month-to-month basis for \$300 per month in order to service the Southern Litchfield County community.

Rental Expense - Stamford

The Organization has a lease agreement for office space in the downtown Stamford, Connecticut, area through August 2022. Monthly payments range from \$8,708 to \$9,302 for the remainder of the lease. The lease provides for a security deposit in the amount of \$15,000. The Organization is responsible for its pro-rata share of electricity expenses in the amount of \$1,089 monthly. In the event of a rate increase by the electricity provider, the Organization's share will be increased accordingly. Additionally, The Organization is to pay their proportionate share of the operating expenses and real estate taxes for the building as calculated on a yearly basis.

UNITED WAY OF WESTERN CONNECTICUT, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

(with comparative totals for 2019)

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**NOTE 17 - LEASE ARRANGEMENTS (CONTINUED)**

Rental Expense - Danbury

The Organization has a lease agreement for office space in Danbury, Connecticut, through July 2021, at a monthly rate of \$4,006. The Organization is responsible for its share of utilities. The Organization has the option to renew this lease for an additional five years, at a monthly rate of \$4,188, providing they notify the landlord not later than six months prior to the expiration of the original lease. The Organization is in the process of negotiating an extension of the Danbury lease.

Future minimum rental lease payments for both office space leases at June 30, 2020 were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$157,122
2022	115,433
2023	<u>9,302</u>
Total	<u>\$281,857</u>

**NOTE 18 - CONTINGENCY**

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's participants, employees and vendors, all of which are uncertain and cannot be predicted. Management is carefully monitoring the situation and evaluating its options. At this time, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain and no adjustments have been made to the financial statements as a result of this uncertainty.

The Organization has available funding of \$500,000 from its line of credit, which will help with cash flow needs over the next twelve months, if necessary.

**NOTE 19 - PRIOR YEAR INFORMATION**

The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements at June 30, 2019 and for the year then ended, from which the summarized information was derived.