

UNITED WAY OF WESTERN  
CONNECTICUT, INC.

Financial Statements

YEAR ENDED JUNE 30, 2012  
(with comparative totals for 2011)

**FRIEDBERG, SMITH & Co., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

UNITED WAY OF WESTERN CONNECTICUT, INC.

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# FRIEDBERG, SMITH & Co., P.C.

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## Independent Auditor's Report

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

We have audited the accompanying statement of financial position of United Way of Western Connecticut, Inc. (United Way) as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of United Way's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information at June 30, 2011 and for the year ended June 30, 2011 is presented for comparative purposes only and was extracted from the financial statements presented by net asset class for that year, on which an unqualified opinion dated November 3, 2011 was expressed (Note 13).

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Western Connecticut, Inc. as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Friedberg Smith & Co. P.C.*

November 15, 2012

UNITED WAY OF WESTERN CONNECTICUT, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012

(with comparative totals for 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Cash Equivalents (Notes 2 and 3)	\$ 2,907,378	\$ 2,637,943
Investments (Notes 2 and 4)	1,670,047	2,024,031
Promises to Give, Net of Allowance for uncollectible promises of \$157,513 in 2012 and \$193,217 in 2011 (Notes 2 and 5)	738,260	660,277
Due from UWW Tri - State (Note 7)	9,143	22,026
Prepaid Expenses and Other Assets	147,496	83,942
Security Deposit (Note 12)	15,000	-
Land, Building and Equipment, Net (Notes 2, 6 and 12)	694,138	794,481
Investments Held for Deferred Compensation (Note 11)	-	7,750
Agency Assets (Note 8)	<u>380,638</u>	<u>283,948</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,562,100</u></b>	<b><u>\$ 6,514,398</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 346,645	\$ 308,532
Community Impact Grants and Other Distributions Payable (Note 2)	1,492,116	1,499,638
Refundable Advances on Grants (Note 9)	21,373	30,212
Deferred Compensation Obligation (Note 11)	-	7,750
Agency Liabilities (Note 8)	<u>380,638</u>	<u>283,948</u>
Total Liabilities	<u>2,240,772</u>	<u>2,130,080</u>
<u>Net Assets (Notes 2, 10, 12 and 14)</u>		
<u>Unrestricted:</u>		
Net Investment in Land, Building and Equipment	694,138	794,481
Board Designated - Children's Programs and Services	1,695,467	2,201,110
Board Designated - Other	1,518,439	822,839
Undesignated - Available for Operations	<u>358,815</u>	<u>523,527</u>
Total Unrestricted	4,266,859	4,341,957
Temporarily Restricted	<u>54,469</u>	<u>42,361</u>
Total Net Assets	<u>4,321,328</u>	<u>4,384,318</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,562,100</u></b>	<b><u>\$ 6,514,398</u></b>

## UNITED WAY OF WESTERN CONNECTICUT, INC.

## STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

(with comparative totals for 2011)

	2012		2011	
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenues, Gains and Other Support</b>				
Campaign Revenue (Notes 1, 2, 5 and 8)	\$ 3,744,868	\$ 24,000	\$ 3,768,868	\$ 3,698,068
Total Amounts Raised in Campaigns	(1,222,795)	-	(1,222,795)	(889,968)
Less: Amounts Raised on Behalf of Others - Designations, Net	(157,513)	-	(157,513)	(193,217)
Provision for Uncollectible Accounts	2,364,560	24,000	2,388,560	2,614,883
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	375,049	-	375,049	285,436
Campaign Revenue, Net	2,739,609	24,000	2,763,609	2,900,319
Designations from Other United Ways (Note 2)	183,987	-	183,987	294,038
Contributions and Sponsorships	455,613	4,865	460,478	386,657
Grants (Note 9)	611,683	-	611,683	690,034
Interest and Investment Income, Net (Notes 2 and 4)	32,024	-	32,024	41,414
Unrealized Appreciation on Investments (Note 2)	5,970	-	5,970	132,073
Gain on Sale of Land and Building (Notes 6 and 12)	868,777	-	868,777	-
Rental Income (Notes 6 and 12)	40,509	-	40,509	53,990
Fees and Other Income	63,144	-	63,144	32,404
In-kind Contributions (Note 2)	275,667	-	275,667	84,750
Total	5,276,983	28,865	5,305,848	4,615,679
Net Assets Released from Restrictions (Notes 2 and 10):				
Satisfaction of Purpose Restrictions	16,757	(16,757)	-	-
Expiration of Time Restrictions	-	-	-	-
Total Net Assets Released from Restrictions	16,757	(16,757)	-	-
<b>Total Revenues, Gains and Other Support</b>	<b>5,293,740</b>	<b>12,108</b>	<b>5,305,848</b>	<b>4,615,679</b>
<b>Expenses</b>				
Functional Expenses (Notes 1, 2, 6, 11 and 12):				
Program Services				
Community Impact Grants and Other Distributions	1,839,728	-	1,839,728	1,508,037
Community Impact Programs	2,692,403	-	2,692,403	2,436,948
Total Program Services	4,532,131	-	4,532,131	3,944,985
Support Services				
Resource Development	520,934	-	520,934	456,215
Management and General	315,773	-	315,773	428,917
Total Support Services	836,707	-	836,707	885,132
<b>Total Functional Expenses</b>	<b>5,368,838</b>	<b>-</b>	<b>5,368,838</b>	<b>4,830,117</b>
<b>Change in Net Assets</b>	<b>(75,098)</b>	<b>12,108</b>	<b>(62,990)</b>	<b>(214,438)</b>
Net Assets At Beginning of Year	4,341,957	42,361	4,384,318	4,598,756
<b>Net Assets At End of Year</b>	<b>\$ 4,266,859</b>	<b>\$ 54,469</b>	<b>\$ 4,321,328</b>	<b>\$ 4,384,318</b>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

## STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2012

(with comparative totals for 2011)

Increase (Decrease) in Cash and Cash Equivalents

	<u>2012</u>	<u>2011</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ (62,990)	\$ (214,438)
Adjustments to Reconcile Change in Net Assets to Cash		
<u>Provided (Used) by Operating Activities:</u>		
Depreciation - Operations and Rental	34,870	44,010
Provision for Uncollectible Promises to Give	157,513	193,217
Gain on Sale of Land and Building	(868,777)	
Realized Gains on Sale of Investments	(268)	(175)
Unrealized Appreciation on Investments	(5,970)	(132,073)
<u>Changes in:</u>		
Promises to Give	(235,496)	(235,423)
Due from UWW Tri - State	12,883	18,951
Prepaid Expenses and Other Assets	(63,554)	(52,071)
Security Deposit	(15,000)	-
Agency Assets	(96,690)	18,109
Accounts Payable and Accrued Expenses	38,113	36,996
Community Impact Grants and Other		
Distributions Payable	(7,522)	(790,436)
Refundable Advances on Grants	(8,839)	29,268
Deferred Compensation Obligation	(7,750)	7,750
Agency Liabilities	96,690	(18,109)
Total Adjustments	(969,797)	(879,986)
<b>Net Cash Used by Operating Activities</b>	<b><u>(1,032,787)</u></b>	<b><u>(1,094,424)</u></b>
<b><u>Cash Flows from Investing Activities</u></b>		
Decrease in Investments, Net	348,339	1,754
Net Proceeds from Sale of Land and Building	938,500	-
Proceeds from Sale of Investments	11,883	2,280
Decrease (Increase) in Investments Held for Deferred Compensation	7,750	(7,750)
Additions to Land, Building and Equipment	(4,250)	(9,096)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>1,302,222</u></b>	<b><u>(12,812)</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>269,435</b>	<b>(1,107,236)</b>
Cash and Cash Equivalents - Beginning of Year	2,637,943	3,745,179
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 2,907,378</u></b>	<b><u>\$ 2,637,943</u></b>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012

(with comparative totals for 2011)

	2012			2011		
	PROGRAM SERVICES		SUPPORT SERVICES	PROGRAM SERVICES		SUPPORT SERVICES
	Community Impact Grants and Other Distributions	Community Impact Programs	Resource Development & Marketing and General	Management	Total	Total
Community Impact Grants (Note 2)	\$ 2,875,940	\$ -	\$ -	\$ -	\$ -	\$ 2,875,940
Less: Raised on Behalf of Others - Designations (Notes 2 and 8)	(1,222,795)	-	-	-	-	(1,222,795)
Net Community Impact Grants	1,653,145	-	-	-	-	1,653,145
Other Grants (Notes 2 and 10)	186,583	-	-	-	-	186,583
<b>Net Community Impact and Other Grants</b>	<b>1,839,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,839,728</b>
Salaries (Note 2)	-	796,769	298,788	149,394	448,182	1,244,951
Employee Benefits (Notes 2 and 11)	-	154,447	57,918	28,959	86,877	241,324
Payroll Taxes (Note 2)	-	59,403	22,276	11,138	33,414	92,817
Sub-total Employee Related Expenses	-	1,010,619	378,982	189,491	568,473	1,579,092
Professional and Consulting Fees	-	18,583	6,968	3,483	10,451	29,034
Office Supplies and Postage	-	37,246	13,967	6,984	20,951	58,197
Telephone and Internet (Note 2)	-	18,521	3,799	1,425	5,224	23,745
Printing and Promotion (Note 2)	-	41,190	15,446	7,724	23,170	64,360
Occupancy (Notes 2, 6 and 12)	-	47,100	9,175	4,894	14,069	61,169
Insurance	-	16,045	3,126	1,667	4,793	27,318
Maintenance of Equipment (Note 2)	-	65,365	12,733	6,791	19,524	84,889
Event Expenses	-	21,817	34,284	6,234	40,518	62,335
Conferences, Training and Travel	-	25,742	9,653	4,827	14,480	40,222
Dues	-	1,220	458	229	687	1,907
<b>Direct Program Expenses:</b>						
Graustein Discovery	-	92,032	-	-	-	92,032
Graustein Match	-	25,000	-	-	-	25,000
Emergency Food and Shelter	-	90,001	-	-	-	90,001
Capacity Building	-	40,191	-	-	-	40,191
Early Childhood	-	59,852	-	-	-	59,852
City of Danbury-Social Services	-	404,650	-	-	-	404,650
Imagination Library	-	86,867	-	-	-	86,867
Back to School	-	38,274	-	-	-	38,274
TS4NP	-	84,961	-	-	-	84,961
Child Obesity Program	-	-	-	-	-	-
Danbury Farmers Market	-	14,920	-	-	-	14,920
The Volunteer Center	-	207,459	-	-	-	207,459
Youth Leadership	-	14,118	-	-	-	14,118
Expenses Related to Rental Income (Notes 6 and 12)	-	113,331	-	-	-	113,331
In-kind Expenses (Note 2)	-	57,596	11,269	56,344	67,613	125,209
Depreciation (Notes 2 and 12)	-	8,425	1,843	16,060	17,903	26,328
United Way Worldwide Dues	-	26,390	9,896	4,948	14,844	41,234
Miscellaneous	-	24,888	9,335	4,672	14,007	38,895
Sub - total Other Expenses	-	1,681,784	141,952	126,282	268,234	1,950,018
<b>Total Functional Expenses</b>	<b>\$ 1,839,728</b>	<b>\$ 2,892,403</b>	<b>\$ 4,532,131</b>	<b>\$ 315,773</b>	<b>\$ 836,707</b>	<b>\$ 5,368,838</b>
						<b>\$ 2,362,005</b>
						<b>(889,968)</b>
						<b>1,472,037</b>
						<b>36,000</b>
						<b>1,508,037</b>
						<b>1,245,511</b>
						<b>229,166</b>
						<b>88,220</b>
						<b>1,562,897</b>
						<b>44,380</b>
						<b>61,645</b>
						<b>19,307</b>
						<b>54,843</b>
						<b>52,168</b>
						<b>27,318</b>
						<b>29,050</b>
						<b>108,452</b>
						<b>23,901</b>
						<b>2,549</b>
						<b>83,233</b>
						<b>21,922</b>
						<b>134,879</b>
						<b>114,217</b>
						<b>47,856</b>
						<b>450,260</b>
						<b>83,036</b>
						<b>37,218</b>
						<b>46,775</b>
						<b>2,000</b>
						<b>7,500</b>
						<b>30,486</b>
						<b>11,670</b>
						<b>80,296</b>
						<b>84,750</b>
						<b>31,120</b>
						<b>44,064</b>
						<b>24,288</b>
						<b>1,759,183</b>
						<b>\$ 4,830,117</b>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 1 - NATURE OF OPERATIONS

Operations

The mission of United Way of Western Connecticut, Inc. (United Way) is to improve lives by mobilizing the power of caring communities to create lasting change. United Way is a local, volunteer-led organization that brings together community leaders, nonprofit organizations, volunteers and businesses to focus on the most pressing needs in the communities of Northern Fairfield County, Stamford, and Southern Litchfield County. United Way is working to advance the common good by focusing on education, income and health. These are the building blocks for a good life and a quality education that leads to a stable job, enough income to support a family through retirement and good health.

United Way has one governing board comprised of members from each community to provide needed expertise and perspective. Three Community Councils continue to focus on local priorities, concentrating on identifying community needs, building long-term funding sources and allocating resources to local service programs.

United Way currently distributes funds in two distinct ways. First, *Community Impact Funding* is a competitive process open to any nonprofit agency that meets the long-term objectives of United Way. *Community Impact Initiatives* are when funding is dedicated specifically for a United Way initiative, generally engaging other funding sources and collaborative partners to accomplish the work.

United Way raises funds throughout the year to benefit local health and human service programs. Resource development activities include annual workplace campaigns, soliciting individual donors, major gifts and planned gifts, and securing grants. United Way is also a participant in the United Way Worldwide Tri-State Region (formerly United Way of Tri-State, Inc.) (UWW Tri-State) system which consists of participating United Ways in Connecticut, New York and New Jersey. UWW Tri-State, assisted by participating local United Ways, solicits certain major businesses within the tri-state region, previously referred to as United Way of Tri-State Regional Accounts (UWTS).

Effective with the 2005-2006 Campaign, the formerly identified UWTS accounts are being solicited by a partnership of United Way Worldwide and local United Ways. The distribution of the funds raised from the former UWTS accounts has been calculated in a manner similar to prior campaigns, subject to certain modifications. This arrangement has continued through the 2011-2012 Campaign, with additional distribution modifications, after which the UWW Tri-State Region is in the process of being dissolved.

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.



UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 1 - NATURE OF OPERATIONS (continued)

Merger

Effective July 1, 2007, United Way became the surviving entity of a three way merger among United Way of Stamford, Inc. (Stamford), Housatonic/Shepaug United Way, Inc. (SLC), and United Way of Northern Fairfield County, Inc. (NFC). The tax-free merger was accounted for as a pooling of interests by United Way. United Way has and will continue to maintain the accountability of all previously established Board designated and Temporarily restricted net assets of the respective entities. In addition, United Way reports fund-raising campaign revenues separately by the respective regions served, as further delineated in Note 5.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Asset Classes

The net asset classes of United Way consist of the following:

Unrestricted Net Assets

Unrestricted net assets consist of net assets over which the governing board has control to use in carrying out the operations of United Way in accordance with its charter and by-laws and are neither Permanently restricted nor Temporarily restricted by donor-imposed restrictions.

The Board of Directors has designated certain Unrestricted net assets (Note 10).

The Net investment in Land, Building and Equipment consists of the net book value of Land, Building and Equipment acquired with Unrestricted net assets.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of net assets whose use is limited by donor-imposed restrictions which either expire with the passage of time (Time restriction) or can be fulfilled and removed by actions of United Way pursuant to the restrictions (Purpose restriction). If a restriction is fulfilled, however, in the same time period in which the Contribution is received, United Way reflects the support as Unrestricted contributions.

When donor-imposed restrictions expire, that is when a stipulated Time restriction ends or Purpose restriction is accomplished, Temporarily restricted net assets are reclassified to Unrestricted net assets and reported in the accompanying Statements of activities as Net assets released from restrictions.

For the years ended June 30, 2012 and 2011, Temporarily restricted Revenues primarily consisted of Contributions for various Community Impact programs.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanently Restricted Net Assets

Permanently restricted net assets consist of net assets whose use is limited by donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of United Way. United Way has no Permanently restricted net assets.

Contributions and Campaign Revenue

Contributions received or Promises to give (campaign pledges) without donor-imposed restrictions are reflected as Unrestricted support. Contributions received or Promises to give with donor-imposed restrictions are reflected as either Temporarily or Permanently restricted support in the accompanying financial statements. Contributions or Promises to give with donor-imposed conditions are not recognized as Contributions or Promises to give in the accompanying financial statements until the period when the conditions are met.

Promises to give that are expected to be received within one year of the financial statement date are reflected at their net realizable value (the gross amount of the Promises to give, Net of an Allowance for uncollectible amounts). Promises to give that are expected to be collected more than one year after the 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 (Note 8). Such Designated Contributions are reflected, net of a Provision for uncollectible amounts in the accompanying Statements of activities as part of Total amounts raised in campaigns, but are not considered to be part of the Campaign revenue of United Way and are therefore deducted to reflect United Way's Campaign revenue. United Way has included in Total revenues amounts raised by other United Ways that were Designated by donors to be paid to United Way. In addition, United Way 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 United Way's Board of Directors from funds raised in the annual campaign. United Way recognizes an expense and a liability when amounts are communicated to the agencies operating the programs in an award letter. United Way has presented in the accompanying Statements of activities gross Community impact grants and other distributions with a reduction for Community impact grants and other distributions funded through designations.

Allowance for Uncollectible Promises to Give

An Allowance for uncollectible Promises to give 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 (Note 5).

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

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 on Investments, are reflected in the accompanying Statements of activities (Note 4). In addition, Unrealized appreciation or depreciation on investments is reflected in the accompanying Statements of activities.

Land, Building and Equipment

All acquisitions or donations of Land, Building and Equipment are reflected at cost or their fair value at the date of the gift. Depreciation is provided for over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives range from three to thirty-nine years. It is United Way's policy to remove fully depreciated assets no longer in service from its financial records.

Income Taxes

Management of United Way has evaluated all significant tax positions as required by generally accepted accounting principles in the United States of America (Note 1).

Management of United Way is of the opinion that the entity has not taken any material tax positions that would require the recording of any liability by United Way, nor is Management of United Way of the opinion that there were any unrealized tax benefits that would either increase or decrease materially within the next year. If required, it is United Way's policy to recognize any estimated interest and penalties.

The tax returns of United Way for the three years ended June 30, 2011 are subject to examination by the taxing authorities.

Contributed Goods and Services and Gifts In-kind

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

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 United Way during either of the years ended June 30, 2012 and 2011 were required to be recognized in the accompanying financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Goods and Services and Gifts In-kind (continued)

For the years ended June 30, In-kind Contributions and In-kind Expenses reflected in the accompanying financial statements consisted of the following:

	<u>2012</u>	<u>2011</u>
<u>Contributions</u>		
Media Advertising	\$ 30,000	\$30,500
Back to School Program	33,750	34,250
Legal Services (a)	44,500	-
Office Space (b)	16,959	-
Children's Accessories (c)	150,458	-
Social Media Roadmap Workshop	<u>-</u>	<u>20,000</u>
Total	<u>\$ 275,667</u>	<u>\$84,750</u>
<u>Expenses</u>		
Media Advertising	\$ 30,000	\$30,500
Back to School Program	33,750	34,250
Legal Services (a)	44,500	-
Office Space (b)	16,959	-
Social Media Roadmap Workshop	<u>-</u>	<u>20,000</u>
Total	<u>\$ 125,209</u>	<u>\$84,750</u>

(a) The Legal Services were primarily in connection with the Merger of United Way and The Volunteer Center of Southwestern Fairfield County (Note 14).

(b) The use of Office Space is primarily in connection with the Lease of the Stamford office (Note 12). Upon signing the lease agreement, United Way was provided three months of rent-free use of the space. Accordingly, two months of rent amounting to \$15,042 applicable to the year ended June 30, 2012 has been included above.

(c) These items consist primarily of children's books, games, diapers, school supplies, toys and various personal care items that were distributed to other not-for-profit agencies and are reflected as Other Grants in the amount of \$150,458 in the accompanying financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Employees of United Way are entitled to paid vacation and paid sick days depending on job classifications, length of service and other factors. United Way's policy is to accrue Compensated absences.

Advertising

Advertising costs are expensed as incurred.

Cash Equivalents and Statements of Cash Flows

United Way considers all highly liquid debt instruments purchased with an original maturity of less than one year to be Cash equivalents.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying Statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through November 15, 2012, the date the 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. See Note 6 for plans with respect to United Way's Stamford premises.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 3 - CONCENTRATION OF CASH CREDIT RISK

United Way maintains Cash balances at several Connecticut banks and brokerage firms. The non-interest bearing Cash Accounts are fully insured and the interest bearing Cash Accounts are insured up to \$250,000 by the federal Deposit Insurance Corporation (FDIC). At times during the year, the Cash balances at the Banks may have exceeded the insured limits.

United Way maintains Money Market and Certificate of Deposit accounts with several Banks, some of which balances are not fully insured.

NOTE 4 - INVESTMENTS

Generally accepted accounting principles in the United States of America (GAAP) have 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. A fair value hierarchy that 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.

United Way's investments are in certificates of deposit and publicly traded securities. Fair value for these investments is based on quoted market prices and published net asset values. Investments at June 30, all of which are valued using Level 1 inputs, consisted of the following:

<u>2012</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Certificates of Deposit in several banks, interest rates from 0.18% to 0.88%, with a maturity of 12 months or more, maturing to July 2013	\$ 840,515	\$ 840,515	\$ -
Equity mutual funds and Exchange traded funds held for investment at a brokerage affiliate of Ridgefield Bank	<u>829,532</u>	<u>656,108</u>	<u>173,424</u>
Total	<u>\$1,670,047</u>	<u>\$1,496,623</u>	<u>\$173,424</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 4 - INVESTMENTS (continued)

	<u>2011</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Certificates of Deposit in several banks, interest rates from 0.35% to 0.90%, with a maturity of 12 months or more, maturing to June 2012		\$1,212,195	\$1,212,195	\$ -
Equity mutual funds and Exchange traded funds held for investment at a brokerage affiliate of Ridgefield Bank		<u>811,836</u>	<u>644,382</u>	<u>167,454</u>
Total		<u>\$2,024,031</u>	<u>\$1,856,577</u>	<u>\$167,454</u>

For the years ended June 30, Interest and Investment Income, net, included the following:

	<u>2012</u>	<u>2011</u>
Interest Income	\$15,698	\$26,169
Dividend Income	16,058	15,070
Net Realized Gain on Sale of Investments	<u>268</u>	<u>175</u>
Net	<u>\$32,024</u>	<u>\$41,414</u>

Net realized gain on Sale of Investments for the years ended June 30 were as follows:

	<u>2012</u>	<u>2011</u>
Proceeds	\$11,883	\$2,280
Cost	<u>11,615</u>	<u>2,105</u>
Net	<u>\$268</u>	<u>\$175</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 5 - PROMISES TO GIVE, CAMPAIGN REVENUE AND  
CONCENTRATION OF RECEIVABLE CREDIT RISK

Under the arrangement with UWW Tri-State (Note 1), donors who are solicited as part of United Way's annual campaigns are identified as either UWW Tri-State Regional Accounts (UWTS) or Local accounts. At the conclusion of each campaign, UWW Tri-State notifies United Way of its guaranteed distributable share of Unrestricted UWTS Promises to give (Unrestricted UWTS promises) and its non-guaranteed distributable share of Restricted UWTS promises. United Way recognizes Campaign revenue from Unrestricted UWTS promises up to the UWW Tri-State guaranteed amount. A portion of the collections from the Unrestricted UWTS promises guaranteed amount are received locally. Any shortfall is collected from UWW Tri-State. Any excess UWTS collections over guaranteed amounts are required to be returned to UWW Tri-State by United Way. Any net shortfall or excess collections are reflected as Due from or to UWW Tri-State in the accompanying financial statements (Note 7). Campaign revenue from Restricted UWTS promises, which are not guaranteed, is reflected as Campaign revenue based upon gross estimated revenue, less an estimated Provision for uncollectible accounts. Local Promises are reflected as Campaign revenue when received.

As a result of these arrangements, United Way assumes the credit risk for Local Promises to give and the risk that UWW Tri-State will be unable to meet the shortfall for UWTS promises up to the UWW Tri-State guaranteed amount and the risk that UWW Tri-State's net estimates of Restricted UWTS promises are overstated.

For the years ended June 30, 2012 and 2011, UWW Tri-State and United Way agreed to treat the Promises to give from a substantial UWTS donor organization as if they were locally raised. Accordingly, United Way considered this situation in establishing its Provision for uncollectible accounts.

Concentrations of credit risk arise due to United Way's solicitation of Promises for charitable contributions from companies and individuals located within the Western Fairfield County, Connecticut area. United Way does not obtain collateral for its Promises, but monitors the status of its past due receivables and provides an Allowance for uncollectible promises.



UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative total for 2011)

NOTE 5 - PROMISES TO GIVE, CAMPAIGN REVENUE AND  
CONCENTRATION OF RECEIVABLE CREDIT RISK (continued)

Total amounts raised in Campaigns for the year ended June 30, 2012 and Promises to give, Net at June 30, 2012, primarily from the 2011-2012 campaign, were comprised of the following:

	<u>Total</u>	<u>NFC</u>	<u>Stamford</u>	<u>SLC</u>
Annual Campaign Support				
Local Campaign Promises	\$ 1,866,678	\$ 1,154,296	\$ 577,702	\$ 134,680
UWTS Campaign Promises	<u>1,902,190</u>	<u>509,902</u>	<u>1,392,288</u>	<u>-</u>
Total Amount Raised in Campaigns	<u>3,768,868</u>	<u>1,664,198</u>	<u>1,969,990</u>	<u>134,680</u>
Less: Allowance for Uncollectible Accounts: - Local	(126,101)	(79,706)	(37,464)	(8,931)
- UWTS	<u>(31,412)</u>	<u>(20,263)</u>	<u>(11,149)</u>	<u>-</u>
	<u>(157,513)</u>	<u>(99,969)</u>	<u>(48,613)</u>	<u>(8,931)</u>
Net Annual Campaign Support	<u>3,611,355</u>	<u>1,564,229</u>	<u>1,921,377</u>	<u>125,749</u>
Amounts Collected				
Local Campaign Promises	(1,312,488)	(792,673)	(442,962)	(76,853)
UWTS Campaign Promises	<u>(1,191,698)</u>	<u>(426,965)</u>	<u>(764,733)</u>	<u>-</u>
Total Collections	<u>(2,504,186)</u>	<u>(1,219,638)</u>	<u>(1,207,695)</u>	<u>(76,853)</u>
Promises to Give, Before Designation to Other Agencies	1,107,169	344,591	713,682	48,896
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others (Note 8)	<u>(368,909)</u>	<u>(269,950)</u>	<u>(52,829)</u>	<u>(46,130)</u>
Promises to Give, Net	<u>\$738,260</u>	<u>\$74,641</u>	<u>\$660,853</u>	<u>\$2,766</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative total for 2011)

NOTE 5 - PROMISES TO GIVE, CAMPAIGN REVENUE AND  
CONCENTRATION OF RECEIVABLE CREDIT RISK (continued)

Total amounts raised in Campaigns for the year ended June 30, 2011 and Promises to give, Net at June 30, 2011, primarily from the 2010-2011 campaign, were comprised of the following:

	<u>Total</u>	<u>NFC</u>	<u>Stamford</u>	<u>SLC</u>
<u>Annual Campaign Support</u>				
Local Campaign Promises	\$ 1,712,498	\$ 1,202,456	\$ 394,655	\$ 115,387
UWTS Campaign Promises	<u>1,985,570</u>	<u>617,264</u>	<u>1,368,306</u>	<u>-</u>
Total Amount Raised in Campaigns	<u>3,698,068</u>	<u>1,819,720</u>	<u>1,762,961</u>	<u>115,387</u>
Less: Allowance for Uncollectible Accounts: - Local	(123,580)	(87,447)	(27,678)	(8,455)
- UWTS	<u>(69,637)</u>	<u>(34,484)</u>	<u>(35,153)</u>	<u>-</u>
	<u>(193,217)</u>	<u>(121,931)</u>	<u>(62,831)</u>	<u>(8,455)</u>
Net Annual Campaign Support	<u>3,504,851</u>	<u>1,697,789</u>	<u>1,700,130</u>	<u>106,932</u>
<u>Amounts Collected</u>				
Local Campaign Promises	(1,012,667)	(674,677)	(267,347)	(70,643)
UWTS Campaign Promises	<u>(1,559,481)</u>	<u>(496,736)</u>	<u>(1,062,745)</u>	<u>-</u>
Total Collections	<u>(2,572,148)</u>	<u>(1,171,413)</u>	<u>(1,330,092)</u>	<u>(70,643)</u>
Promises to Give, Before Designation to Other Agencies	932,703	526,376	370,038	36,289
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others (Note 8)	<u>(272,426)</u>	<u>(211,083)</u>	<u>(26,408)</u>	<u>(34,935)</u>
Promises to Give, Net	<u>\$660,277</u>	<u>\$315,293</u>	<u>\$343,630</u>	<u>\$1,354</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative total for 2011)

NOTE 5 - PROMISES TO GIVE, CAMPAIGN REVENUE AND  
CONCENTRATION OF RECEIVABLE CREDIT RISK (continued)

Promises to give, Net at June 30, 2012 consisted of the following:

	<u>Total</u>	<u>NFC</u>	<u>Stamford</u>	<u>SLC</u>
Local Campaign Promises	\$ 554,190	\$ 361,623	\$ 134,740	\$ 57,827
Less: Allowance for Uncollectible Local Accounts	<u>(126,101)</u>	<u>(79,706)</u>	<u>(37,464)</u>	<u>(8,931)</u>
	<u>428,089</u>	<u>281,917</u>	<u>97,276</u>	<u>48,896</u>
UWTS Campaign Promises	710,492	82,937	627,555	-
Less: Allowance for Uncollectible UWTS Accounts	<u>(31,412)</u>	<u>(20,263)</u>	<u>(11,149)</u>	<u>-</u>
	<u>679,080</u>	<u>62,674</u>	<u>616,406</u>	<u>-</u>
Promises to Give, Before Designation to Other Agencies	1,107,169	344,591	713,682	48,896
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others (Note 8)	<u>(368,909)</u>	<u>(269,950)</u>	<u>(52,829)</u>	<u>(46,130)</u>
Promises to Give, Net	<u>\$738,260</u>	<u>\$74,641</u>	<u>\$660,853</u>	<u>\$2,766</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative total for 2011)

NOTE 5 - PROMISES TO GIVE, CAMPAIGN REVENUE AND  
CONCENTRATION OF RECEIVABLE CREDIT RISK (continued)

Promises to give, Net at June 30, 2011 consisted of the following:

	<u>Total</u>	<u>NFC</u>	<u>Stamford</u>	<u>SLC</u>
Local Campaign Promises	\$ 699,831	\$ 527,779	\$ 127,308	\$ 44,744
Less: Allowance for Uncollectible Local Accounts	<u>(123,580)</u>	<u>(87,447)</u>	<u>(27,678)</u>	<u>(8,455)</u>
	<u>576,251</u>	<u>440,332</u>	<u>99,630</u>	<u>36,289</u>
UWTS Campaign Promises	426,089	120,528	305,561	-
Less: Allowance for Uncollectible UWTS Accounts	<u>(69,637)</u>	<u>(34,484)</u>	<u>(35,153)</u>	<u>-</u>
	<u>356,452</u>	<u>86,044</u>	<u>270,408</u>	<u>-</u>
Promises to Give, Before Designation to Other Agencies	932,703	526,376	370,038	36,289
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others (Note 8)	<u>(272,426)</u>	<u>(211,083)</u>	<u>(26,408)</u>	<u>(34,935)</u>
Promises to Give, Net	<u>\$660,277</u>	<u>\$315,293</u>	<u>\$343,630</u>	<u>\$1,354</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 6 - LAND, BUILDING AND EQUIPMENT, NET

Land, Building and Equipment, Net at June 30, consisted of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 145,900	\$ 160,900
Buildings and Improvements	780,816	1,263,412
Office Furniture, Software and Equipment	<u>141,916</u>	<u>137,665</u>
Total	1,068,632	1,561,977
Less: Accumulated Depreciation	<u>(374,494)</u>	<u>(767,496)</u>
Land, Building and Equipment, Net	<u>\$ 694,138</u>	<u>\$794,481</u>

Expenses related to Rental income include Depreciation expense of approximately \$8,500 and \$12,900 for the years ended June 30, 2012 and 2011, respectively (Note 12).

In December 2011 United Way sold its Land, Building and Improvements in Stamford, Connecticut for \$1,000,000. The Land, Building and Improvements had a net depreciated value of \$69,723. Additionally, United Way incurred selling expenses of \$61,500, resulting in a Gain on the Sale of the Land, Building and Improvements of \$868,777. The Board of Directors has voted to Designate a portion of the net gain from the sale for use in the Stamford community, including, in part, to support the cost of leased office space in Stamford, so United Way can continue to maintain a physical presence in Stamford (Notes 10 and 12).

After the sale was finalized, United Way rented a portion of the building until its new leased office space was available for occupancy (Note 12). Rental expense for the space amounted to \$25,000 for the year ended June 30, 2012.

NOTE 7 - DUE FROM AND DUE TO UWW TRI-STATE

In accordance with the terms of the UWW Tri-State distribution formula, any differential between campaign support collected locally on Unrestricted UWTS accounts and the guaranteed UWW Tri-State entitlement for each campaign is a receivable from or is required to be repaid to UWW Tri-State (Notes 1 and 5). At June 30, 2012, the amount due from UWW Tri-State for the 2009-2010 Campaign amounted to \$9,143, consisting of \$1,112 for Northern Fairfield County and \$8,031 for Stamford. At June 30, 2011, the amount Due from UWW Tri-State for the 2008-2009 and 2007-2008 Campaigns amounted to \$22,026 consisting of \$8,259 for Northern Fairfield County and \$13,767 for Stamford.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 8 - AGENCY ASSETS AND LIABILITIES

Designations

United Way 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 (Note 2). 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

United Way 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 consisted of the following (Note 5):

	<u>2012</u>	<u>2011</u>
<u>Agency Assets:</u>		
Promises to Give, Net	\$368,909	\$272,426
Cash	<u>11,729</u>	<u>11,522</u>
Total	<u>\$380,638</u>	<u>\$283,948</u>
<u>Agency Liabilities:</u>		
Designations	\$368,909	\$272,426
<u>Fiscal Processing Arrangements:</u>		
New Milford Culinary School	234	234
Car Seat Safety Program	8,668	7,483
Walking Project	2,007	1,012
Healthy 2020	375	375
Campership Fund	<u>445</u>	<u>2,418</u>
Total	<u>\$380,638</u>	<u>\$283,948</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012  
 (with comparative totals for 2011)

NOTE 9 - GRANTS

United Way is the recipient of several grants. Grant revenue is recognized as expenditures are incurred. Grants receivable represent 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 United Way does not anticipate that there would be any material changes as a result of Grant audits.

Grants receivable and Refundable Advances on grants at June 30 and Grant revenue for the year ended June 30 consist of the following:

<u>2012</u>	<u>Grants Receivable</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
Graustein Discovery	\$ -	\$21,373	\$ 92,032
Graustein Discovery Match	-	-	25,000
Emergency Food and Shelter	-	-	90,001
Danbury Grant for Social Services (a)	-	-	<u>404,650</u>
Total	<u>\$ -</u>	<u>\$21,373</u>	<u>\$611,683</u>
<u>2011</u>	<u>Grants Receivable</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
Graustein Discovery	\$ -	\$30,212	\$ 83,233
Graustein Discovery Match	-	-	21,922
Emergency Food and Shelter	-	-	134,879
Danbury Grant for Social Services (a)	-	-	<u>450,000</u>
Total	<u>\$ -</u>	<u>\$30,212</u>	<u>\$690,034</u>

- (a) During the year ended June 30, 2010, United Way entered into the first of a series of Social Service Grant Agreements with the City of Danbury to provide additional allocations to United Way Agencies that form the core of the United Way's three impact areas, Education, Health and Income. The amounts of the first three Grant Agreements were \$404,650, \$450,000, and \$500,000 for the years ended June 30, 2012, 2011 and 2010, respectively. A fourth Grant in the amount of \$384,404 was awarded effective July 2012 and it is anticipated that these funds will be received and expended during the year ending June 30, 2013.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 10 - NET ASSETS

Unrestricted - Board Designated

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

Children's Programs and Services

These amounts represent the unexpended portion of initial \$3,400,000 from the 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 \$1,695,467 and \$2,201,110 as of June 30, 2012 and 2011, respectively.

<u>Board Designated - Other</u>	<u>2012</u>	<u>2011</u>
Stabilization Reserve Fund (a)	\$ 442,600	\$ 400,000
Technology Solutions for Not-Profits (b)	24,191	24,191
Special Allocation (c)	140,000	175,000
Stamford Society (d)	162,655	152,655
Future Community Impact Awards (e)	140,993	70,993
Stamford Rent and Operations (f)	<u>608,000</u>	<u>-</u>
Total	<u>\$1,518,439</u>	<u>\$822,839</u>

- (a) To insure against unforeseen campaign, economic and organizational circumstances.
- (b) To fund area not-for-profits in obtaining computers, software and IT support.
- (c) At June 30, 2011, the \$175,000 represented the unexpended portion of an initial \$140,000, to fund special allocations over a five-year period from the sale proceeds of closely held stock during the year ended June 30, 2008, plus an additional \$175,000 to fund special allocations over a five-year period from a gift from an anonymous donor during the year ended June 30, 2010.
- (d) The Board of Directors has approved the Designation of certain Unrestricted net assets 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 and United Way, which in the Board's opinion are not being adequately addressed by the annual Campaign and the annual Allocations process.
- (e) The Board of Directors approved \$70,993 from amounts raised in the 2010-2011 campaign plus an additional net \$70,000 approved from the proceeds of the sale of the Stamford facility (Note 6), to be awarded to agencies to be selected subsequent to June 30, 2012.
- (f) The Board of Directors approved \$608,000 from the proceeds of the sale of the Stamford facility to be used for the future rent and operations of the new Stamford premises (Note 6).



UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 10 - NET ASSETS (continued)

Temporarily Restricted

Temporarily restricted net assets at June 30 were restricted for the following purposes or periods:

	<u>2012</u>	<u>2011</u>
<u>Purpose Restricted</u>		
Back to School	\$25,604	\$ 34,857
Needs Assessment	-	5,000
The Giving Fund	4,865	
Homelessness	<u>-</u>	<u>2,504</u>
	30,469	42,361
<u>Time Restricted</u>		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>24,000</u>	<u>-</u>
Total	<u>\$54,469</u>	<u>\$ 42,361</u>

Net assets released from donor restrictions 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>2012</u>	<u>2011</u>
<u>Satisfaction of Program Restrictions</u>		
Early Childhood & Imagination Library	\$ -	\$ 30,754
Back to School	9,253	28,441
Needs Assessment	5,000	-
Homelessness	<u>2,504</u>	<u>-</u>
	16,757	59,195
<u>Expiration of Time Restrictions</u>		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>-</u>	<u>41,421</u>
Total	<u>\$16,757</u>	<u>\$100,616</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 11 - RETIREMENT PLANS

Employees

United Way has an IRS Section 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. United Way will match 50% of the employee's contribution to 4% of their salary, not to exceed 2% of their salary.

United Way also has a Tax Deferred Annuity Plan under IRS Section 403(b), to which no United Way contributions have been made. These assets remain in a separate account maintained by the Plan administrator.

Employer contributions charged to expense approximated \$89,100 and \$70,300 for the years ended June 30, 2012 and 2011, respectively.

Deferred Compensation Plan – CEO

Effective January 1, 2011, United Way entered into a Deferred compensation plan (Plan) with its Chief Executive Officer (CEO) providing for contributions to be determined at the discretion of the Board of Directors. A provision of \$7,750 was charged to salaries for the year ended June 30, 2011, and the funds were invested in Mutual Funds with a bank.

During the year ended June 30, 2012, the CEO terminated employment with United Way. Pursuant to a clause in the Deferred Compensation agreement, if the CEO ceased to be employed by United Way before completion of ten years of service from the effective date of the Plan, except for death or disability, the value of the Deferred compensation plan would be forfeited. In April 2012, United Way sold the Mutual Funds and recorded a gain on the sale of \$685 which has been included in Realized Gains for the year ended June 30, 2012. A credit of \$7,750 was applied to salaries for the year ended June 30, 2012.

NOTE 12 - LEASE ARRANGEMENTS

Rental Income - NFC

United Way leases a portion of its Danbury facility to a Not-for-Profit tenant. The lease extended to August 2005 at an annual rental of \$12,000. This Tenant continues to occupy the space on a month-to-month basis at a monthly Rental of \$1,000.

A second lease commenced April 2010 and extended to March 2011 with an annual rate of \$8,400. This Tenant continued to occupy the space on a month-to-month basis at a monthly Rental of \$700, until the Tenant vacated the premises in June 2011.

Rental income on these leases amounted to \$12,000 and \$20,400 for the years ended June 30, 2012 and 2011, respectively.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 12 - LEASE ARRANGEMENTS (continued)

Rental Income - Stamford

United Way leases a portion of its former and current Stamford facilities (Notes 6 and 12) to several Not-for-Profit tenants as follows:

- (a) One lease extended to June 30, 2011 at an annual Rental of \$10,080. The Tenant continued to occupy the space on a month-to-month basis at a monthly Rental of \$840 through February 2012, when the tenant vacated the premises.
- (b) A second lease extended to June 30, 2009 at an annual Rental of \$11,664. The Tenant continued to occupy the space on a month-to-month basis at a monthly Rental of \$972. This tenant was merged into United Way effective July 2012 (Note 14).
- (c) A third lease extended to June 30, 2009 at an annual Rental of \$2,340. The Tenant continues to occupy space in the new facility, on a month-to-month basis at a monthly Rental of \$195.
- (d) A fourth lease extended to February 28, 2010, at an annual Rental of \$8,406. The Tenant continued to occupy the space on a month-to-month basis at a monthly Rental of \$701 until April 2012, when United Way moved to the new facility.
- (e) A fifth lease commenced May 2010 and extended to November 2010 with an annual rate of \$1,200, payable at a monthly Rental of \$100. The Tenant continues to occupy space in the new facility on a month-to-month basis at a monthly Rental of \$100.

Rental income on these leases amounted to \$28,509 and \$33,590 for the years ended June 30, 2012 and 2011 respectively.

Equipment Leases

United Way leases office equipment under several leases expiring to March 2014 at a present monthly rental aggregating approximately \$1,035.

Rental Expense - Litchfield

United Way leases office space in New Milford on a month-to-month basis for \$175 per month in order to maintain its presence in the Southern Litchfield County Community.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 12 - LEASE ARRANGEMENTS (continued)

Rental Expense – Stamford

Subsequent to the sale of the Land, Building and Improvements in Stamford (Note 6), United Way entered into a ten year, three month lease agreement for office space in the downtown Stamford area effective May 2012. The first three months of the lease were provided free of charge. Accordingly, In-Kind rent income and expense for two months, in the amount of \$15,042, has been reflected on the accompanying financial statements (Note 2). The lease provides for a security deposit in the amount of \$15,000. United Way is responsible for their pro-rata share of electricity expenses in the amount of \$1,089 monthly. In the event of a rate increase by the electricity provider, United Way's share will be increased accordingly. Additionally, United Way is to pay their proportionate share of the operating expenses and real estate taxes for the building as calculated on a yearly basis.

Future Minimum lease payments for the years ended June 30, are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2013	\$ 82,729
2014	92,427
2015	94,802
2016	97,177
2017	99,552
2018 and thereafter	<u>542,688</u>
Total	<u>\$1,009,375</u>

NOTE 13 - PRIOR YEAR INFORMATION

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with United Way's financial statements at June 30, 2011 and for the year ended June 30, 2011, from which the summarized information was derived.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(with comparative totals for 2011)

NOTE 14 - SUBSEQUENT EVENT

Effective July 1, 2012, the Volunteer Center of Southwestern Fairfield County, Inc. (Volunteer Center) merged into United Way. The Volunteer Center was founded in 1973 by the Junior League of Stamford-Norwalk, and has met the needs of the community with expanded programs and services through volunteerism. Volunteer Center was a not-for-profit organization incorporated under the Nonstock Corporation Act of the State of Connecticut, and was exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Volunteer Center was also exempt from state income tax.

It is intended that the merger will be accounted for by the acquisition method whereby most assets and liabilities are recorded at their fair value and any excess of assets over liabilities are recorded as a Contribution. Since all the amounts below are current, or already recorded at market value, the fair value is equal to the carrying value on the books of the Volunteer Center. The Statement of financial position of the Volunteer Center as of June 30, 2012 approximated the following:

Cash	\$343,000
Investments, At Market	169,000
Other Current Assets	10,000
Current Liabilities	<u>(97,000)</u>
Net Assets	<u>\$425,000</u>

In accordance with the merger agreement, certain previously Board designated net assets of the Volunteer Center, amounting to approximately \$346,000, will continue to be used for their previously designated purposes, primarily volunteerism and scholarships.