

UNITED WAY OF WESTERN  
CONNECTICUT, INC.

Financial Statements

YEAR ENDED JUNE 30, 2013  
(with comparative totals for 2012)

**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 financial statements of United Way of Western Connecticut, Inc. (United Way) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers Internal control appropriate to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are relevant in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's Internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Board of Directors  
United Way of Western Connecticut, Inc.  
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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all materials respects, the financial position of United Way of Western Connecticut, Inc. as of June 30, 2013 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, 2012 and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived (Note 13).

*Fredly Smithe PC*

October 23, 2013

UNITED WAY OF WESTERN CONNECTICUT, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013

(with comparative totals for 2012)

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents (Notes 2 and 3)	\$ 747,293	\$ 2,907,378
Investments (Notes 2 and 4)	3,207,574	1,670,047
Promises to Give, Net of Allowance for uncollectible promises of \$139,408 in 2013 and \$157,513 in 2012 (Notes 2 and 5)	963,218	738,260
Due from UWW Tri - State (Note 7)	27,133	9,143
Prepaid Expenses and Other Assets	166,521	147,496
Security Deposit (Note 12)	15,000	15,000
Land, Building and Equipment, Net (Notes 2, 6 and 12)	682,664	694,138
Agency Assets (Note 8)	583,466	380,638
<b>TOTAL ASSETS</b>	<b><u>\$ 6,392,869</u></b>	<b><u>\$ 6,562,100</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 338,142	\$ 346,645
Community Impact Grants and Other Distributions Payable (Note 2)	1,116,192	1,492,116
Refundable Advances on Grants (Note 9)	-	21,373
Agency Liabilities (Note 8)	583,466	380,638
<b>Total Liabilities</b>	<b><u>2,037,800</u></b>	<b><u>2,240,772</u></b>
<u>Net Assets (Notes 2, 10, and 12)</u>		
<u>Unrestricted:</u>		
Net Investment in Land, Building and Equipment	682,664	694,138
Board Designated - Children's Programs and Services	1,322,854	1,695,467
Board Designated - Other	1,739,193	1,518,439
Undesignated - Available for Operations	423,059	358,815
<b>Total Unrestricted</b>	<b><u>4,167,770</u></b>	<b><u>4,266,859</u></b>
Temporarily Restricted	187,299	54,469
<b>Total Net Assets</b>	<b><u>4,355,069</u></b>	<b><u>4,321,328</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,392,869</u></b>	<b><u>\$ 6,562,100</u></b>

## UNITED WAY OF WESTERN CONNECTICUT, INC.

STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013  
(with comparative totals for 2012)

	2013		2012	
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenues, Gains and Other Support</b>				
<u>Campaign Revenue (Notes 1, 2, 5 and 8)</u>	\$ 3,485,177	\$ 20,200	\$ 3,505,377	\$ 3,768,868
Total Amounts Raised in Campaigns	(910,732)	-	(910,732)	(1,222,795)
Less: Amounts Raised on Behalf of Others - Designations, Net	(139,408)	-	(139,408)	(157,513)
Provision for Uncollectible Accounts	2,435,037	20,200	2,455,237	2,388,560
Add: Collections of Prior Year Campaigns in Excess of Amounts Anticipated	583,391	-	583,391	375,049
Campaign Revenue, Net	3,018,428	20,200	3,038,628	2,763,609
Designations from Other United Ways (Note 2)	262,319	-	262,319	183,987
Contributions and Sponsorships	666,143	167,099	833,242	460,478
Grants (Note 9)	670,460	-	670,460	611,683
Interest and Investment Income, Net (Notes 2 and 4)	37,896	-	37,896	32,024
Unrealized Appreciation on Investments (Notes 2 and 4)	36,648	-	36,648	5,970
Gain on Sale of Land and Building (Notes 6 and 12)	-	-	-	868,777
Rental Income (Notes 6 and 12)	14,175	-	14,175	40,509
Fees and Other Income	37,506	-	37,506	63,144
In-kind Contributions (Note 2)	169,391	-	169,391	275,667
Total	4,912,966	187,299	5,100,265	5,305,848
<u>Net Assets Released from Restrictions (Notes 2 and 10):</u>				
Satisfaction of Purpose Restrictions	33,469	(33,469)	-	-
Expiration of Time Restrictions	24,400	(24,400)	-	-
Total Net Assets Released from Restrictions	57,869	(57,869)	-	-
<b>Total Revenues, Gains and Other Support</b>	<b>4,970,835</b>	<b>129,430</b>	<b>5,100,265</b>	<b>5,305,848</b>
<b>Expenses</b>				
<u>Functional Expenses (Notes 1, 2, 6, 9, 11 and 12):</u>				
<u>Program Services</u>				
Community Impact Grants and Other Distributions	1,348,613	-	1,348,613	1,839,728
Community Impact Programs	3,317,652	-	3,317,652	2,692,403
Total Program Services	4,666,265	-	4,666,265	4,532,131
<u>Support Services</u>				
Resource Development	402,727	-	402,727	520,934
Management and General	423,000	-	423,000	315,773
Total Support Services	825,727	-	825,727	836,707
Total Functional Expenses	5,491,992	-	5,491,992	5,368,838
Change in Net Assets	(521,157)	129,430	(391,727)	(62,990)
Net Assets At Beginning of Year	4,266,859	54,469	4,321,328	4,384,318
Net Assets Transferred in as of July 1, 2012 Upon Merger (Note 1)	422,068	3,400	425,468	-
<b>Net Assets At End of Year</b>	<b>\$ 4,167,770</b>	<b>\$ 187,299</b>	<b>\$ 4,355,069</b>	<b>\$ 4,321,328</b>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

## STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2013

(with comparative totals for 2012)

## Increase (Decrease) in Cash and Cash Equivalents

	<u>2013</u>	<u>2012</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ (391,727)	\$ (62,990)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation - Operations and Rental	25,045	34,870
Provision for Uncollectible Promises to Give	139,408	157,513
Gain on Sale of Land and Building	-	(868,777)
Realized Gains on Sale of Investments	(1,081)	(268)
Unrealized Appreciation on Investments	36,648	(5,970)
<u>Changes in:</u>		
Promises to Give	(364,366)	(235,496)
Due from UWW Tri - State	(17,990)	12,883
Prepaid Expenses and Other Assets	(19,025)	(63,554)
Security Deposit	-	(15,000)
Agency Assets	(202,828)	(96,690)
Accounts Payable and Accrued Expenses	(8,503)	38,113
Community Impact Grants and Other		
Distributions Payable	(375,924)	(7,522)
Refundable Advances on Grants	(21,373)	(8,839)
Deferred Compensation Obligation	-	(7,750)
Agency Liabilities	<u>202,828</u>	<u>96,690</u>
Total Adjustments	<u>(607,161)</u>	<u>(969,797)</u>
<b>Net Cash Used by Operating Activities</b>	<b><u>(998,888)</u></b>	<b><u>(1,032,787)</u></b>
<b><u>Cash Flows from Investing Activities</u></b>		
(Increase) Decrease in Investments, Net	(1,629,222)	348,339
Net Proceeds from Sale of Land and Building	-	938,500
Proceeds from Sale of Investments	56,128	11,883
Decrease in Investments Held for Deferred Compensation	-	7,750
Additions to Land, Building and Equipment	(13,571)	(4,250)
Net Assets Transferred in Upon Merger	<u>425,468</u>	<u>-</u>
<b>Net Cash (Used) Provided by Investing Activities</b>	<b><u>(1,161,197)</u></b>	<b><u>1,302,222</u></b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(2,160,085)</b>	<b>269,435</b>
Cash and Cash Equivalents - Beginning of Year	<u>2,907,378</u>	<u>2,637,943</u>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 747,293</u></b>	<b><u>\$ 2,907,378</u></b>

See notes to financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

(with comparative totals for 2012)

	2013				2012			
	PROGRAM SERVICES		SUPPORT SERVICES		PROGRAM SERVICES		SUPPORT SERVICES	
	Community Impact Grants and Other Distributions	Community Impact Programs	Resource Development & Marketing	Management and General	Total	Total	Total	Total
Community Impact Grants (Note 2)	\$ 2,167,281	\$ -	\$ -	\$ -	\$ 2,167,281	\$ -	\$ 2,167,281	\$ 2,900,940
Less: Raised on Behalf of Others - Designations (Notes 2 and 6)	(910,732)	-	-	-	(910,732)	-	(910,732)	(1,222,795)
Net Community Impact Grants	1,256,549	-	-	-	1,256,549	-	1,256,549	1,678,145
Other Grants (Notes 2 and 9)	92,064	-	-	-	92,064	-	92,064	186,583
<b>Net Community Impact and Other Grants</b>	<b>1,348,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,348,613</b>	<b>-</b>	<b>1,348,613</b>	<b>1,864,728</b>
Salaries (Note 2)	-	1,129,104	259,057	264,656	1,129,104	523,713	1,652,817	1,329,184
Employee Benefits (Notes 2 and 11)	-	191,365	43,906	44,855	191,365	88,761	280,126	241,324
Payroll Taxes (Note 2)	-	95,088	21,817	22,288	95,088	44,105	139,193	105,459
<b>Sub-total Employee Related Expenses</b>	<b>-</b>	<b>1,415,557</b>	<b>324,780</b>	<b>331,799</b>	<b>1,415,557</b>	<b>656,579</b>	<b>2,072,136</b>	<b>1,675,968</b>
Professional and Consulting Fees	-	112,424	25,794	26,353	112,424	52,147	164,571	156,740
Office Supplies and Postage	-	31,901	7,319	7,479	31,901	14,798	46,699	58,197
Telephone and Internet (Note 2)	-	27,368	5,577	7,078	27,368	12,655	40,023	23,745
Printing and Promotion (Note 2)	-	49,385	11,330	11,575	49,385	22,905	72,290	64,360
Occupancy (Notes 2, 6 and 12)	-	78,987	7,750	13,069	78,987	20,819	99,806	95,916
Insurance	-	12,044	1,182	1,992	12,044	3,174	15,218	20,838
Maintenance of Equipment (Note 2)	-	45,314	4,446	7,498	45,314	11,944	57,258	50,143
Event Expenses	-	48,060	-	-	48,060	-	48,060	62,335
Conferences, Training and Travel	-	17,434	4,000	4,086	17,434	8,086	25,520	40,222
Dues	-	1,475	339	346	1,475	685	2,160	1,907
<b>Direct Program Expenses:</b>	<b>-</b>	<b>29,063</b>	<b>-</b>	<b>-</b>	<b>29,063</b>	<b>-</b>	<b>29,063</b>	<b>86,456</b>
Graustein Discovery (Note 9)	-	-	-	-	-	-	-	25,000
State of CT - Education Match (Note 9)	-	-	-	-	-	-	-	90,001
Emergency Food and Shelter (Note 9)	-	139,375	-	-	139,375	-	139,375	-
Singer Foundation - Health (Note 9)	-	59,250	-	-	59,250	-	59,250	-
Capacity Building (Adjustment)	-	(5,665)	-	-	(5,665)	-	(5,665)	-
Early Childhood	-	3,185	-	-	3,185	-	3,185	40,191
City of Danbury-Social Services (Note 9)	-	384,404	-	-	384,404	-	384,404	34,852
Imagination Library	-	79,666	-	-	79,666	-	79,666	404,650
Back to School	-	43,432	-	-	43,432	-	43,432	70,610
TS4NP	-	82,914	-	-	82,914	-	82,914	78,435
The Volunteer Center	-	85,756	-	-	85,756	-	85,756	30,976
Youth Leadership	-	17,041	-	-	17,041	-	17,041	14,118
Sandy Hook School Support	-	235,214	-	-	235,214	-	235,214	-
Other	-	57,604	-	-	57,604	-	57,604	14,920
<b>Expenses Related to Rental Income (Notes 6 and 12)</b>	<b>-</b>	<b>105,320</b>	<b>-</b>	<b>-</b>	<b>105,320</b>	<b>-</b>	<b>105,320</b>	<b>113,331</b>
In-Kind Expenses (Note 2)	-	111,258	585	984	111,258	1,569	112,827	125,209
Depreciation (Notes 2 and 6)	-	13,852	1,359	2,292	13,852	3,651	17,503	25,955
United Way Worldwide Dues	-	25,891	5,939	6,072	25,891	12,011	37,902	41,234
Miscellaneous	-	10,143	2,327	2,377	10,143	4,704	14,847	19,527
Sub - total Other Expenses	-	1,902,095	77,947	91,201	1,902,095	169,148	2,071,243	1,828,142
<b>Total Functional Expenses</b>	<b>\$ 1,348,613</b>	<b>\$ 3,317,652</b>	<b>\$ 4,666,265</b>	<b>\$ 423,000</b>	<b>\$ 4,666,265</b>	<b>\$ 825,727</b>	<b>\$ 5,491,992</b>	<b>\$ 5,368,838</b>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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 raises funds, and utilizes volunteers and in-kind resources to address local needs. Resource development activities include annual workplace campaigns, soliciting individual donors, major gifts and planned gifts, and securing grants. 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 under the areas of education, financial stability and health. United Way is also providing resources in a more focused and directed way to prepare children for successful entry to kindergarten, reduce the rate of childhood obesity, and working to help families remain financially stable. To improve lives in these three areas, United Way generally engages additional funding sources and collaborative partners to accomplish the work, which differs from the traditional funding of programs that are serving needy populations but not working together toward a common goal.

United Way also incorporates its volunteer center activities as an important resource. Volunteer placement with agencies, skilled volunteerism, corporate volunteerism and volunteer board training are among the services provided by United Way.

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, 2013

(with comparative totals for 2012)

NOTE 1 - NATURE OF OPERATIONS (continued)

Mergers

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.

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. The 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. The Volunteer Center was also exempt from state income tax.

The merger was accounted for by the acquisition method whereby assets and liabilities are recorded at their fair value. The Statement of financial position of the Volunteer Center as of June 30, 2012 approximated the following:

Assets

Cash and	
Cash Equivalents	\$249,800
Investments, Net	169,100
Other Current Assets	10,200
Agency Assets	<u>93,400</u>
Total Assets	<u>\$522,500</u>

Liabilities and Net

<u>Assets</u>	
Accrued Expenses	\$ 3,600
Agency Liabilities	<u>93,400</u>
Total Liabilities	<u>97,000</u>

Net Assets

Unrestricted	422,100
Temporarily Restricted (Note 10)	<u>3,400</u>
Total Net Assets	<u>425,500</u>

Total Liabilities and Net Assets	<u>\$522,500</u>
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UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(with comparative totals for 2012)

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, 2013 and 2012, Temporarily restricted Revenues primarily consisted of Contributions for various Community Impact programs.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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 in 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 partner organizations 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, 2013

(with comparative totals for 2012)

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, 2012 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, 2013 and 2012 were required to be recognized in the accompanying financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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>2013</u>	<u>2012</u>
<u>Contributions</u>		
Sandy Hook School Symposium (Note 8)	\$ 36,762	\$ -
Back to School Program	68,544	33,750
Legal Services (a)	-	44,500
Office Space (b)	7,521	16,959
Children's Accessories (c)	56,564	150,458
Media Advertising	<u>-</u>	<u>30,000</u>
Total	<u>\$169,391</u>	<u>\$275,667</u>
<u>Expenses</u>		
Sandy Hook School Symposium (Note 8)	\$ 36,762	\$ -
Back to School Program	68,544	33,750
Legal Services (a)	-	44,500
Office Space (b)	7,521	16,959
Media Advertising	<u>-</u>	<u>30,000</u>
Total	<u>\$112,827</u>	<u>\$125,209</u>

- (a) The Legal Services were primarily in connection with the Merger of United Way and the Volunteer Center of Southwestern Fairfield County (Note 1).
- (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, one month and two months of rent amounting to \$7,521 and \$15,042 applicable to the years ended June 30, 2013 and 2012, respectively, has been included above.
- (c) These contributions 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 not included as an In-kind expense but are included in Other Grants expense in the amount of \$56,564 and \$150,458 for the years ended June 30, 2013 and 2012, respectively, in the accompanying financial statements.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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 October 23, 2013, 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.

Reclassifications

Certain amounts for 2012 have been reclassified, where appropriate, to conform to the 2013 presentation.

NOTE 3 - CONCENTRATION OF CASH CREDIT RISK

United Way maintains Cash and Money Market accounts at several Connecticut Banks and Investment accounts at local Brokerage firms. Effective January 1, 2013, the Cash Accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At times during the year the Cash balances may have exceeded the insured limits.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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>2013</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Certificates of Deposit in several banks, interest rates from 0.15% to 0.35%, with a maturity of 12 months or more, maturing to July 2014	\$ <u>725,352</u>	\$ <u>725,352</u>	\$ <u>-</u>
<u>At a Brokerage Affiliate of Fairfield County Bank</u>			
Cash	159,503	159,503	-
Money Market Funds	202,418	202,418	-
Equity Mutual Funds	547,278	402,547	144,731
Exchange Traded Funds	<u>1,573,023</u>	<u>1,507,682</u>	<u>65,341</u>
Sub-total	<u>2,482,222</u>	<u>2,272,150</u>	<u>210,072</u>
Total	<u>\$3,207,574</u>	<u>\$2,997,502</u>	<u>\$210,072</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

NOTE 4 - INVESTMENTS (continued)

<u>2012</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
Certificates of Deposit in several banks, interest rates from 0.15% to 0.35%, with a maturity of 12 months or more, maturing to July 2014	\$ 840,515	\$ 840,515	\$ -
At a Brokerage Affiliate <u>of Fairfield County Bank</u> Equity Mutual Funds and Exchange Traded Funds Held for Investment	<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>

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

	<u>2013</u>	<u>2012</u>
Interest Income	\$ 9,450	\$15,698
Dividend Income	27,365	16,058
Net Realized Gain on Sale of Investments	<u>1,081</u>	<u>268</u>
Net	<u>\$37,896</u>	<u>\$32,024</u>

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

	<u>2013</u>	<u>2012</u>
Proceeds	\$56,128	\$11,883
Cost	<u>55,047</u>	<u>11,615</u>
Net	<u>\$1,081</u>	<u>\$268</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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

United Way was also a participant in the United Way Worldwide Tri-State Region (UWW Tri-State) system which consisted of participating United Ways in Connecticut, New York and New Jersey. UWW Tri-State, assisted by participating local United Ways, Solicited certain major businesses within the tri-state region, previously referred to as United Way of Tri-State Regional Accounts (UWTS). This arrangement has continued through the 2011-2012 Campaign, after which the UWTS is in the process of being dissolved, and is anticipated to be fully dissolved, with all residual funds distributed prior to December 31, 2013. United Way recorded residual distributions of \$81,399 during the year ended June 30, 2013.

Beginning with the 2012-2013 campaign, held during the year ended June 30, 2013, the former UWTS accounts are being solicited directly by United Way and are classified as Regional Accounts in the accompanying financial statements.

Under the arrangement with UWW Tri-State, donors who were solicited as part of United Way's annual campaigns were identified as either UWW Tri-State Regional Accounts (UWTS) or Local accounts. At the conclusion of each campaign, UWW Tri-State notified 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 recognized Campaign revenue from Unrestricted UWTS Promises up to the UWW Tri-State guaranteed amount. Any shortfall or excess UWTS collections over guaranteed amounts are reflected as Due from or to UWW Tri-state in the accompanying financial statements. Campaign revenue from Restricted UWTS Promises, which were not guaranteed, was reflected as Campaign revenue based upon gross estimated revenue, less an estimated Provision for uncollectible accounts. Local account Promises, and beginning with the year ended June 30, 2013, Regional account Promises, are reflected as Campaign revenue when received.

As a result of these arrangements, United Way assumes the credit risk for Local and Regional Promises to give and the risk that UWW Tri-State will be unable to meet the shortfall for Unrestricted 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. All remaining Receivables and related Liabilities for UWW Tri-State Campaigns through the 2011-2012 Campaign, ending June 30, 2012, have been written off as of June 30, 2013.

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, 2013

(with comparative total for 2012)

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

Total amounts raised on Campaigns for the year ended June 30, 2013 and Promises to give, Net at June 30, 2013, primarily from the 2012-2013 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	\$ 1,490,932	\$ 816,715	\$ 542,770	\$ 131,447
Regional Campaign Promises	<u>2,014,445</u>	<u>742,107</u>	<u>1,272,338</u>	<u>-</u>
Total Amount Raised in Campaigns	<u>3,505,377</u>	<u>1,558,822</u>	<u>1,815,108</u>	<u>131,447</u>
Less: Allowance for Uncollectible Accounts: - Local	(101,775)	(54,781)	(37,818)	(9,176)
- Regional	<u>(37,633)</u>	<u>(29,437)</u>	<u>(8,196)</u>	<u>-</u>
	<u>(139,408)</u>	<u>(84,218)</u>	<u>(46,014)</u>	<u>(9,176)</u>
Net Annual Campaign Support	<u>3,365,969</u>	<u>1,474,604</u>	<u>1,769,094</u>	<u>122,271</u>
<u>Amounts Collected</u>				
Local Campaign Promises	(980,023)	(512,517)	(365,636)	(101,870)
Regional Campaign Promises	<u>(1,234,451)</u>	<u>(516,837)</u>	<u>(717,614)</u>	<u>-</u>
Total Collections	<u>(2,214,474)</u>	<u>(1,029,354)</u>	<u>(1,083,250)</u>	<u>(101,870)</u>
Promises to Give, Before Designation to Other Agencies	1,151,495	445,250	685,844	20,401
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others (Note 8)	<u>(188,277)</u>	<u>(161,472)</u>	<u>(22,013)</u>	<u>(4,792)</u>
Promises to Give, Net	<u>\$963,218</u>	<u>\$283,778</u>	<u>\$663,831</u>	<u>\$15,609</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative total for 2012)

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

Total amounts raised on 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>
<u>Annual Campaign Support</u>				
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>
<u>Amounts Collected</u>				
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, 2013

(with comparative total for 2012)

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

Promises to give, Net at June 30, 2013 consisted of the following:

	<u>Total</u>	<u>NFC</u>	<u>Stamford</u>	<u>SLC</u>
Local Campaign Promises	\$ 510,909	\$ 289,257	\$ 191,762	\$ 29,890
Less: Allowance for Uncollectible Local Accounts	<u>(101,775)</u> 409,134	<u>(54,781)</u> 234,476	<u>(37,818)</u> 153,944	<u>(9,176)</u> 20,714
Regional Campaign Promises	779,994	225,270	554,724	-
Less: Allowance for Uncollectible Regional Accounts	<u>(37,633)</u> 742,361	<u>(29,437)</u> 195,833	<u>(8,196)</u> 546,528	<u>-</u> -
Promises to Give, Before Designation to Other Agencies	1,151,495	430,309	700,472	20,714
Less: Designation to Other Agencies Reflected as Amounts Raised on Behalf of Others (Note 8)	<u>(188,277)</u>	<u>(161,472)</u>	<u>(22,013)</u>	<u>(4,792)</u>
Promises to Give, Net	<u>\$963,218</u>	<u>\$268,837</u>	<u>\$678,459</u>	<u>\$15,922</u>

UNITED WAY OF WESTERN CONNECTICUT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

(with comparative total for 2012)

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, 2013

(with comparative totals for 2012)

NOTE 6 - LAND, BUILDING AND EQUIPMENT, NET

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

	<u>2013</u>	<u>2012</u>
Land	\$ 145,900	\$ 145,900
Buildings and Improvements	780,816	780,816
Office Furniture, Software and Equipment	<u>155,487</u>	<u>141,916</u>
Total	1,082,203	1,068,632
Less: Accumulated Depreciation	<u>(399,539)</u>	<u>(374,494)</u>
Land, Building and Equipment, Net	<u>\$ 682,664</u>	<u>\$ 694,138</u>

Expenses related to Rental income include Depreciation expense of approximately \$7,500 and \$8,500 for the years ended June 30, 2013 and 2012, 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 was a receivable from or was required to be repaid to UWW Tri-State (Note 5). At June 30, 2013, the amount Due from UWW Tri-State amounted to \$27,133, consisting of residual distributions (Note 5) received subsequent to June 30, 2013. At June 30, 2012, the amount due from UWW Tri-State for prior Campaigns amounted to \$9,143.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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.

Sandy Hook School Support Fund and Related Funds

Following the tragedy of December 14, 2012 in Newtown CT where 20 children and 6 adults were killed at the Sandy Hook Elementary School by a gunman, United Way quickly responded to the nation's outpouring of support by establishing the Sandy Hook School Support Fund (SHSSF) in partnership with the Newtown Savings Bank. This fund was designed to help the long-term recovery needs of the Newtown community following the tragedy. United Way processed approximately \$12,000,000 of community donations in their capacity as fiscal agent. Donations were received at both the Newtown Savings Bank and other banks as well as United Way. After reviewing to ensure that the funds were not designated for any specific purpose, they were placed into separate accounts and ultimately transferred to the Newtown-Sandy Hook Community Foundation (Foundation) that was established to serve the community needs resulting from the tragedy. UWWC kept no portion of these funds and took no Administrative fees. The Foundation determines how the funds are to be distributed.

It also became apparent early on that families in the community would need financial support more immediately than what the SHSSF was intended to provide. As a result, United Way formed the Immediate Needs Fund in partnership with the Newtown Rotary Club and the Office of Victim Services to serve two main purposes: Help families who were facing financial difficulties due to loss of income as a result of the tragedy and to help cover out-of-pocket expenses for mental health treatment. A portion of these funds were granted to local agencies who had responded immediately to the community, while the remainder is being used to pay providers, such as mortgage companies, utility companies, car finance companies or mental health providers. Again, 100% of the proceeds (approximately \$470,000) were used to support these needs. United Way's partners determine how the funds are to be distributed.

At the request of the state legislators, United Way also accepted donations for the Sandy Hook Workers Assistance Fund. These donations, managed and distributed by the State of CT, are used to supplement lost income incurred by teachers and first responders of the shooting for mental health reasons that were not eligible under current workers' compensation policies. United Way submits these funds to the state on a regular basis. All decisions regarding eligibility and distribution of these funds are made by the state.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

NOTE 8 - AGENCY ASSETS AND LIABILITIES (continued)

Agency assets and liabilities at June 30 consisted of the following (Note 5):

	<u>2013</u>	<u>2012</u>
<u>Agency Assets:</u>		
Promises to Give, Net	\$188,277	\$368,909
Cash	<u>395,189</u>	<u>11,729</u>
Total	<u>\$583,466</u>	<u>\$380,638</u>
<u>Agency Liabilities:</u>		
Designations	\$188,277	\$368,909
Sandy Hook School Support Fund	374,055	-
Sandy Hook School Immediate Needs Fund	7,817	-
Sandy Hook School Workers Assistance Fund	1,329	-
<u>Fiscal Processing Arrangements:</u>		
New Milford Culinary School	234	234
Car Seat Safety Program	5,830	8,668
Walking Project	3,294	2,007
Healthy 2020	375	375
Campership Fund	<u>2,255</u>	<u>445</u>
Total	<u>\$583,466</u>	<u>\$380,638</u>

In addition, the Sandy Hook School Support Fund received approximately \$240,000 of In-kind support.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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>2013</u>	<u>Grants Receivable</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
Graustein Discovery (a)	\$ -	\$ -	\$ 64,933
State of CT - Education Match (b)	-	-	22,498
Emergency Food and Shelter	-	-	139,375
Herbert & Neil Singer Foundation	-	-	59,250
Danbury Grant for Social Services (c)	<u>-</u>	<u>-</u>	<u>384,404</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,460</u>
<u>2012</u>	<u>Grants Receivable</u>	<u>Refundable Advances</u>	<u>Grant Revenue</u>
Graustein Discovery	\$ -	\$21,373	\$ 92,032
State of CT - Education Match	-	-	25,000
Emergency Food and Shelter	-	-	90,001
Danbury Grant for Social Services (c)	<u>-</u>	<u>-</u>	<u>404,650</u>
Total	<u>\$ -</u>	<u>\$21,373</u>	<u>\$611,683</u>

(a) In addition to Direct program expenses of \$29,063 and \$86,456, Salary expense for the years ended June 30, 2013 and 2012, respectively, is \$35,870 and \$5,576, respectively, applicable to the Graustein Grant.

(b) Included in Salary expense in the accompanying financial statements for the year ended June 30, 2013 is \$22,498 applicable to the State of CT – Education Match Grant.

(c) 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 four Grant Agreements were \$384,404, \$404,650, \$450,000, and \$500,000 for the years ended June 30, 2013, 2012, 2011 and 2010, respectively. A fifth Grant in the amount of \$431,293 was awarded effective July 2013 and it is anticipated that these funds will be received and expended during the year ending June 30, 2014.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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 consisted of the unexpended portion of an 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 \$1,322,854 and \$1,695,467 as of June 30, 2013 and 2012, respectively.

Board Designated - Other

	<u>2013</u>	<u>2012</u>
Stabilization Reserve Fund (a)	\$ 418,354	\$ 442,600
Technology Solutions for Not-for-Profits (b)	24,191	24,191
Special Allocation (c)	105,000	140,000
Stamford Society (d)	162,655	162,655
Future Community Impact Awards (e)	140,993	140,993
Stamford Rent and Operations (f)	608,000	608,000
Furthering Volunteerism (g)	<u>280,000</u>	<u>-</u>
Total	<u>\$1,739,193</u>	<u>\$1,518,439</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, 2012, the \$140,000 consisted of 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 Designated \$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 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 (Note 6).
- (g) In connection with the merger of the Volunteer Center (Note 1), \$340,000 had been Designated for activities and programs to encourage volunteerism, of which \$280,000 remained Designated as of June 30, 2013.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

NOTE 10 - NET ASSETS (continued)

Temporarily Restricted

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

	<u>2013</u>	<u>2012</u>
<u>Purpose Restricted</u>		
Back to School	\$ -	\$25,604
The Giving Fund	-	4,865
Graustein Match	47,099	-
Grossman Foundation – “Parents As Teachers”	<u>120,000</u>	<u>-</u>
	167,099	30,469
 <u>Time Restricted</u>		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	<u>20,200</u>	<u>24,000</u>
 Total	<u>\$187,299</u>	<u>\$54,469</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>2013</u>	<u>2012</u>
<u>Satisfaction of Program Restrictions</u>		
Back to School	\$25,604	\$ 9,253
Needs Assessment	-	5,000
The Giving Fund	4,865	-
Workshop-the Volunteer Center (a)	3,000	-
Homelessness	<u>-</u>	<u>2,504</u>
	<u>33,469</u>	<u>16,757</u>
 <u>Expiration of Time Restrictions</u>		
Support Restricted for Community Impact Grants and Distributions in Subsequent Year	24,000	-
Support Restricted for the Volunteer Center in Subsequent Year (a)	<u>400</u>	<u>-</u>
	<u>24,400</u>	<u>-</u>
 Total	<u>\$57,869</u>	<u>\$16,757</u>

(a) Included in Net assets released from restrictions during the year ended June 30, 2013 was \$3,400 of Temporarily restricted net assets transferred to United Way upon the merger with the Volunteer Center (Note 1).

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(with comparative totals for 2012)

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, 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 of approximately \$87,000 and \$89,100 for the years ended June 30, 2013 and 2012, respectively, are included in Employee benefits.

Deferred Compensation Plan – Former 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 Salary expense 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 Salary expense 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. Rental income on this lease amounted to \$12,000 for each of the years ended June 30, 2013 and 2012.

UNITED WAY OF WESTERN CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(with comparative totals for 2012)

NOTE 12 - LEASE ARRANGEMENTS (continued)

Rental Income - Stamford

United Way leased a portion of its current Stamford facility (Note 6) to several Not-for-profit tenants as follows:

- (a) One Lease extended to June 30, 2009 at an annual Rental of \$2,340. The Tenant occupied space in the new facility on a month-to-month basis at a monthly Rental of \$195, until they vacated the premises in November 2012.
- (b) A second 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 the Stamford leases amounted to \$2,175 and \$28,509 for the years ended June 30, 2013 and 2012 respectively.

Equipment Leases

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

Automobile Lease

United Way leases an automobile for a three-year period expiring in September 2015 at a monthly rental of approximately \$390.

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, 2013

(with comparative totals for 2012)

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 in the amounts of \$7,521 and \$15,042, has been reflected in the accompanying financial statements for the years ended June 30, 2013 and 2012, respectively (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 at June 30, 2013 for the years ended June 30, are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2014	\$ 92,427
2015	94,802
2016	97,177
2017	99,552
2018	101,927
2019 and thereafter	<u>440,761</u>
Total	<u>\$926,646</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, 2012 and for the year ended June 30, 2012, from which the summarized information was derived.