

UNITED WAY OF GREATER WATERBURY
Financial Statements
June 30, 2016

UNITED WAY OF GREATER WATERBURY
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KIRCALDIE, RANDALL & MCNAB LLC

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Greater Waterbury
Waterbury, Connecticut

We have audited the accompanying financial statements of United Way of Greater Waterbury, (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized information has been derived from the organization's fiscal year ended June 30, 2015, financial statements and, in our report dated August 21, 2015, we expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Waterbury, as June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to agencies on Schedules I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kircaldie Randall & McNab LLC

North Haven, Connecticut
August 11, 2016

**UNITED WAY OF GREATER WATERBURY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,052,077	\$ 1,030,604
Certificates of deposit	17,565	17,498
Investments, at market value	955,658	920,100
Pledges receivable, net	1,250,839	1,346,256
Other receivable	73,355	52,061
Prepaid expenses	14,486	14,127
Total current assets	<u>\$ 3,363,980</u>	<u>\$ 3,380,646</u>
Fixed assets	<u>\$ 138,664</u>	<u>\$ 137,155</u>
Long term assets:		
Security deposits	3,383	3,383
Investment in insurance policy	24,395	19,516
Total long term assets	<u>\$ 27,778</u>	<u>\$ 22,899</u>
Total assets	<u><u>\$ 3,530,422</u></u>	<u><u>\$ 3,540,700</u></u>
LIABILITIES		
Current liabilities:		
Allocations and grants payable to designated agencies	\$ 2,307,611	\$ 2,366,011
Accounts payable and accrued expenses	22,860	13,965
Note payable due in one year	7,084	6,840
Due to affiliates	15,049	17,973
Total current liabilities	<u>\$ 2,352,604</u>	<u>\$ 2,404,789</u>
Long term liabilities		
Note payable	44,927	52,254
Total liabilities	<u>\$ 2,397,531</u>	<u>\$ 2,457,043</u>
NET ASSETS		
Unrestricted:		
Unappropriated	\$ 537,013	\$ 392,214
Designated — Investment in plant and equipment	138,664	137,155
Designated — Board designated emergency fund	275,000	275,000
Total unrestricted net assets	<u>\$ 950,677</u>	<u>\$ 804,369</u>
Temporarily restricted	182,214	279,288
Total net assets	<u>\$ 1,132,891</u>	<u>\$ 1,083,657</u>
Total liabilities and net assets	<u><u>\$ 3,530,422</u></u>	<u><u>\$ 3,540,700</u></u>

See accountant's report and accompanying notes to the financial statements

**UNITED WAY OF GREATER WATERBURY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Combined Total
Revenues, Gains, and Other Support:				
Campaign applicable to current period:				
Contributions:				
Campaign	\$ 3,433,079	\$ 42,426	\$ 3,475,505	\$ 3,739,667
Other United Ways	90,413		90,413	84,545
Net assets released from restriction	139,500	(139,500)		
Gross Contributions	\$ 3,662,992	\$ (97,074)	\$ 3,565,918	\$ 3,824,212
Donor directed gifts and direct expenses	(1,510,807)		(1,510,807)	(1,679,151)
Uncollectible pledge expense	(130,422)		(130,422)	(83,989)
Net Contributions	\$ 2,021,763	\$ (97,074)	\$ 1,924,689	\$ 2,061,072
Other Support:				
Sponsorship income	\$ 142,500	\$	\$ 142,500	\$ 123,520
Investment income	2,272		2,272	2,273
Support activities income	542,336		542,336	506,972
Administrative fees	87,777		87,777	119,675
Miscellaneous income	9,819		9,819	8,123
Total other support	\$ 784,704	\$ 0	\$ 784,704	\$ 760,563
Total revenue	\$ 2,806,467	\$ (97,074)	\$ 2,709,393	\$ 2,821,635
Allocations and Other Functional Expenses:				
Allocations:				
Allocations to agencies from campaign	\$ 887,637		\$ 887,637	\$ 901,606
Special allocations	228,768		228,768	268,833
Total allocations	\$ 1,116,405		\$ 1,116,405	\$ 1,170,439
Other functional expenses:				
Allocations and Agency relations	\$ 63,109		\$ 63,109	\$ 70,275
Community planning	136,016		136,016	132,633
Community relations	133,727		133,727	116,613
Other programs	729,745		729,745	617,141
Total program services expenses	\$ 1,062,597		\$ 1,062,597	\$ 936,662
Fund raising	\$ 224,100		\$ 224,100	206,536
Management and general	263,681		263,681	235,100
Total support services expenses	\$ 487,781		\$ 487,781	\$ 441,636
Total other functional expenses	\$ 1,550,378		\$ 1,550,378	\$ 1,378,298
Total allocations and expenses	\$ 2,666,783		\$ 2,666,783	\$ 2,548,737
Change in Net Assets from Operations	\$ 139,684	\$ (97,074)	\$ 42,610	\$ 272,898
Unrealized gain and (losses) from investments	6,624	0	6,624	852
Change in Net Assets	\$ 146,308	\$ (97,074)	\$ 49,234	\$ 273,750
Net Assets, beginning of year	804,369	279,288	1,083,657	809,907
Net Assets, end of year	\$ 950,677	\$ 182,214	\$ 1,132,891	\$ 1,083,657

KIRCALDIE, RANDALL & MGNAB LLC

See accountant's report and accompanying notes to the financial statements

UNITED WAY OF GREATER WATERBURY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

	Program Services					Support Services			2016 Total	2015 Total
	Allocations and Agency Relations	Community Planning	Community Relations	Other Programs	Total	Fund Raising	Management and General	Total		
ALLOCATIONS TO AGENCIES	\$ 887,637				\$ 887,637				\$ 887,637	\$ 901,606
SPECIAL ALLOCATIONS	\$ 228,768				\$ 228,768				\$ 228,768	\$ 268,833
COMMUNITY & AGENCY SERVICES PROVIDED BY THE UNITED WAY:										
Salaries and related expenses:										
Professional salaries	\$ 32,588	\$ 78,435	\$ 83,114	\$ 67,060	\$ 261,197	\$ 133,305	\$ 161,091	\$ 294,396	\$ 555,593	\$ 525,457
Employee benefits	4,505	8,499	7,470	5,433	25,907	12,880	14,900	27,780	53,687	58,039
Payroll taxes	4,046	7,632	6,708	4,879	23,265	11,566	13,382	24,948	48,213	43,205
Total salaries and related expenses	\$ 41,139	\$ 94,566	\$ 97,292	\$ 77,372	\$ 310,369	\$ 157,751	\$ 189,373	\$ 347,124	\$ 657,493	\$ 626,701
Other expenses:										
Rent	\$ 3,406	\$ 6,426	\$ 5,649	\$ 4,108	\$ 19,589	\$ 9,739	\$ 11,268	\$ 21,007	\$ 40,596	\$ 40,596
Office supplies & expenses	8,473	15,986	14,051	10,220	48,730	24,227	28,030	52,257	100,987	59,896
Postage	307	578	509	369	1,763	4,408	2,644	7,052	8,815	13,708
Telephone	652	1,229	1,081	786	3,748	1,863	2,155	4,018	7,766	7,740
Publicity and promotion	1,747	3,296	2,897	2,107	10,047	4,995	5,778	10,773	20,820	23,022
Conferences and meetings	1,721	3,248	2,855	2,076	9,900	4,922	5,696	10,618	20,518	10,181
Professional services	411	776	682	496	2,365	1,176	1,359	2,535	4,900	4,850
Insurance	684	1,290	1,134	825	3,933	1,955	2,263	4,218	8,151	8,519
Membership fees	2,295	4,331	3,807	2,769	13,202	6,563	7,593	14,156	27,358	27,207
Total other expenses	\$ 19,696	\$ 37,160	\$ 32,665	\$ 23,756	\$ 113,277	\$ 59,848	\$ 66,786	\$ 126,634	\$ 239,911	\$ 195,719
Depreciation and amortization	\$ 2,274	\$ 4,290	\$ 3,770	\$ 2,742	\$ 13,076	\$ 6,501	\$ 7,522	\$ 14,022	\$ 27,098	\$ 23,503
Total community and agency services expenses	\$ 63,109	\$ 136,016	\$ 133,727	\$ 103,870	\$ 436,722	\$ 224,100	\$ 263,681	\$ 487,780	\$ 924,502	\$ 845,923
Total allocations and expenses	\$ 1,179,514	\$ 136,016	\$ 133,727	\$ 103,870	\$ 1,553,127	\$ 224,100	\$ 263,681	\$ 487,780	\$ 2,040,907	\$ 2,016,362
Designations by donors	529,682				529,682				529,682	715,733
Designated to other United Ways & direct expenses	981,125			\$ 625,875	1,607,000				1,607,000	1,495,792
Total	\$ 2,690,321	\$ 136,016	\$ 133,727	\$ 729,745	\$ 3,689,809	\$ 224,100	\$ 263,681	\$ 487,780	\$ 4,177,589	\$ 4,227,887

KIRCALDIE, RANDALL & McNAB LLC

**UNITED WAY OF GREATER WATERBURY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ 49,234	\$ 273,750
Depreciation charges not requiring cash outlay	27,098	23,503
Realized (gains) losses on investments	(149)	138
Unrealized (gains) losses on investments	(6,624)	(852)
In-kind donations		
(Increase) decrease in operating assets:		
Pledge receivable	95,417	(39,226)
Certificates of deposit	(67)	(58)
Other receivables	(21,294)	(54,986)
Other current assets	(359)	(860)
Increase (decrease) in operating liabilities:		
Allocations payable	(58,400)	(442,387)
Accounts payable	8,895	(7,798)
Due to affiliates	(2,924)	2,334
Net cash provided (used) by operating activities	<u>\$ 90,827</u>	<u>\$ (246,442)</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	\$ (28,607)	\$ (29,484)
Purchase of investments	(198,077)	(158,253)
Proceeds from sale of investments	164,413	127,874
Net cash provided (used) by investing activities	<u>\$ (62,271)</u>	<u>\$ (59,863)</u>
Cash Flows From Financing Activities:		
Payments on note payable	<u>\$ (7,083)</u>	<u>\$ (6,606)</u>
Net cash provided (used) by financing activities	<u>\$ (7,083)</u>	<u>\$ (6,606)</u>
Net increase (decrease) in cash	\$ 21,473	\$ (312,911)
Cash and cash equivalents, beginning of year	1,030,604	1,343,515
Cash and cash equivalents, end of year	<u><u>\$ 1,052,077</u></u>	<u><u>\$ 1,030,604</u></u>

KIRCALDIE, RANDALL & MGNAB LLC

See accountant's report and accompanying notes to the financial statements

UNITED WAY OF GREATER WATERBURY

NOTES TO FINANCIAL STATEMENTS

United Way of Greater Waterbury supports non-profit agencies, programs and initiatives which provide services in ten-towns throughout the Greater Waterbury area. The towns which make up United Way's territory are: Bethlehem, Cheshire, Middlebury, Prospect, Southbury, Thomaston, Waterbury, Watertown, Wolcott and Woodbury.

The United Way of Greater Waterbury is a not-for-profit voluntary health and welfare agency. It is a leader in facilitating the identification of regional needs and supporting solutions that create sustained changes in community conditions and provide opportunities that empower people to build successful lives. In order to do this, United Way conducts an annual fundraising campaign and selects a limited number of focus issues and strategies in which to invest time, relationships, technology, expertise, money, and other resources in order to deliver measurable results.

United Way of Greater Waterbury is a member of United Way of America (UWA). Members of UWA have membership criteria to ensure that all members meet basic legal, financial and ethical standards to ensure consistent and transparent reporting among member United Ways. To remain a member in good standing, United Way certifies annually that it has met the basic criteria for membership to UWA.

NOTE 1 — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The financial statements of the United Way of Greater Waterbury (the "United Way") have been prepared in conformity with the Not-for-Profit Organization Audit and Accounting Guide published by the American Institute of Certified Public Accountants.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the United Way of Greater Waterbury and changes therein are classified and reported as either: unrestricted net assets or temporarily restricted net assets.

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Summary of Significant Accounting Policies

The significant accounting policies by the United Way of Greater Waterbury are described below to enhance the usefulness of the financial statements to the reader.

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

Cash and cash equivalents

Cash and cash equivalents consists of the following at June 30, 2016 and 2015;

	<u>2016</u>	<u>Interest</u>	<u>2015</u>	<u>Interest</u>
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Petty cash	\$ 300		\$ 300	
Cash in bank	<u>1,051,777</u>	0.00%	<u>1,030,304</u>	0.00%
Total cash & equivalents	<u>\$ 1,052,077</u>		<u>\$ 1,030,604</u>	
Cash in bank – Certificate of deposit	<u>\$ 17,565</u>	0.60%	<u>\$ 17,498</u>	.315%

For the purposes of the statement of cash flows the United Way of Greater Waterbury considers all cash and other highly liquid investments with initial maturities of six months or less to be cash equivalents.

Investments

Investments are stated at market value.

Public Support Recognition

Fund-raising campaigns are conducted in the fall of each year to raise funds to be allocated to participating agencies in the following fiscal year. All contributions are considered available for unrestricted use unless specifically restricted by the donor as to the use of the donated assets. The public support income recognized in each fiscal year is from the campaign which occurred in the current fiscal year. Pledges are recorded in the balance sheet as receivables, and allowances are provided for amounts estimated to be uncollectible for each pledge year.

Any donations received by June 30, relating to the subsequent year's campaign are recorded as temporarily restricted net assets.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value upon receipt.

Depreciation

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets (5–10 years).

UNITED WAY OF GREATER WATERBURY

NOTES TO FINANCIAL STATEMENTS

Donated Materials and Services

Donated materials and equipment are recorded as contributions at their estimated values at date of receipt. A substantial number of volunteers donated significant amounts of their time in the United Way's fundraising and other activities. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

Unpaid Allocations and Accrued Administration and Community Service Expenses

Unpaid allocations related to the public support recognized in the fiscal year 2016 (Fall 2015 campaign) have been accrued at June 30, 2016, and public support recognized in the fiscal year 2015 (Fall 2014 campaign) have been accrued at June 30, 2015, in order to match allocations and expenses with pledge income from the fall campaigns.

Tax Exempt Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section §501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2011 and that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows.

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

Provision for Uncollectible

The provision for uncollectible pledges is computed based upon Management's estimates of current economic factors, applied to the gross campaign, including donor designations.

Functional Allocation of Expenses

Non-payroll costs which pertain to a single program (including fundraising and management and general) are charged directly to the applicable program. Non-payroll costs which pertain to more than one program are allocated between the benefitting programs using a meaningful allocation base. Those costs are generally allocated based on management's analysis of staff time. Non-payroll costs that cannot be specifically identified with a program are considered management and general costs. Payroll costs are recorded based on United Way's analysis, based on periodic time studies, of time each employee spends on certain tasks during the year according to each employee's job description, program goals and individual employee work plans. Employees can be involved in one program, more than one program, management and general, or a combination of program, fundraising and management and general functions.

Recognition of Donor Restricted Contributions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year statements.

NOTE 2 — PLEDGE RECEIVABLES:

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

	<u>2016</u>	<u>2015</u>
Outstanding Pledges:		
2015 Campaign	\$ 1,384,393	\$
2014 Campaign		1,473,913
Future Campaign	<u>22,000</u>	<u>33,000</u>
Total Pledge receivable	<u>\$ 1,406,393</u>	<u>\$ 1,506,913</u>
Allowance for Uncollectible:		
2015 Campaign	\$ 155,554	\$
2014 Campaign		<u>160,657</u>
Total allowance	<u>\$ 155,554</u>	<u>\$ 160,657</u>
Net pledge receivable	<u>\$ 1,250,839</u>	<u>\$ 1,346,256</u>

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 — DONOR DIRECTED GIFTS:

Through United Way's Annual Community Campaign, donors can direct (designate) their gifts to any qualified 501(c)(3) organization.

United Way of America membership criteria require local United Ways charge donors no more than the actual cost incurred to process and transfer their designated gifts to the agency of their choice. The expenses incurred for the processing of donor directed gifts include, but are not limited to:

- Verification of designated agencies 501(c)(3) status;
- Agency certification;
- Maintenance of the database;
- Recording individual donor directed gift data;
- Processing payments;
- Quality reports with detailed information;
- Notification of payments forwarded to agencies receiving donor dollars.

Donor directed gift expenses (the costs incurred in processing/transferring designations) do not qualify and are not reported as community investment and program services.

Donor directed gifts of \$1,510,807 and \$1,679,151 at June 30, 2016 and 2015, respectively, are shown as a reduction in the amount reported as campaign amounts raised.

NOTE 4 — EMPLOYEE BENEFIT PLAN:

Defined Contribution Plan:

Effective January 1, 1994, the United Way of Greater Waterbury adopted a Defined Contribution Plan which covers employees who: a) are 21 years of age and b) have completed one year of eligible service with the United Way or another non-profit organization. Contributions to the plan are made by the United Way of Greater Waterbury, on behalf of the participant, at a rate of 7% of eligible pay. This rate was set by the United Way's Board of Directors, and is subject to revision at the Board's discretion on an annual basis. Total pension expense for 2016 and 2015 amounted to \$38,436 and \$32,176, respectively. Employees are fully vested after 3 years of service or attaining age 55.

Elective deferrals:

The United Way offers its employees a 403(b) plan whereby they may elect to voluntarily contribute pretax wages into the plan. Employee deferrals totaled \$64,477 and \$51,943 in 2016 and 2015 respectively.

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 — EQUIPMENT AND FIXTURES:

Equipment and fixtures are valued at cost, or if donated, at estimated fair market value upon receipt. Fixed assets consist of the following:

	<u>2016</u>	<u>2015</u>
Equipment and fixtures	\$ 71,828	\$ 70,778
Leasehold improvements	87,999	77,999
Telecommunication equipment	1,014	1,014
Audio visual equipment	13,072	13,072
Strategic Plan	27,002	25,815
Computer software & hardware	<u>108,656</u>	<u>92,286</u>
	\$ 309,571	\$ 280,964
Less, accumulated depreciation	<u>170,907</u>	<u>143,809</u>
	<u>\$ 138,664</u>	<u>\$ 137,155</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015, amounted to \$27,098 and \$23,503, respectively. There was no fully depreciated equipment and fixtures that were written off during the June 30, 2016 year end, or during the June 30, 2015 year end.

NOTE 6 — LEASED PROPERTY:

The United Way occupies its office facilities under a (5) five year lease agreement which runs through November, 2017, with an option for one more (5) five year term. The following is schedule of future minimum lease payments.

<u>Year Ended</u>	<u>Amount</u>
June 30, 2017	\$ 40,596
June 30, 2018	16,915

The landlord holds a security deposit in the amount of \$3,383.

NOTE 7 — NOTE PAYABLE:

In November, 2012, the United Way borrowed \$74,155 to facilitate an office move and renovations. The loan is for 10 years and has a 3.5% interest rate. For the year ended June 30, 2016, \$7,083 of principal payments and \$1,716 of interest payments were made. The balance of the note at June 30, 2016 is \$52,011. For the year ended June 30, 2015, \$6,606 of principal payments and \$2,194 of interest payments were made. The balance of the note at June 30, 2015 is \$59,094. A breakdown of the note payable for the next five years is as follows:

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 — NOTE PAYABLE: (CONTINUED)

<u>Year Ended</u>	<u>Amount</u>
June 30, 2017	\$ 7,083
June 30, 2018	7,336
June 30, 2019	7,596
June 30, 2020	7,867
June 30, 2021	8,146
Thereafter	<u>13,983</u>
	<u>\$ 52,011</u>

NOTE 8 — UNINSURED CASH BALANCES:

The United Way of Greater Waterbury maintains their cash in bank deposits at (3) three high credit quality financial institutions. The balance at times may exceed federally insured limits. At June 30, 2016, the cash balances did exceed the insured limit of \$250,000, by \$780,208. At June 30, 2015, the cash balances did exceed the insured limit of \$250,000, by \$780,304. The United Way does invest its excess cash from time to time in investment grade commercial and US Government Securities.

NOTE 9 — INVESTMENTS:

U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 - Significant other observable inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 - Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

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

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 — INVESTMENTS: (CONTINUED)

	2016		Unrealized
	<u>Book Value</u>	<u>Market Value</u>	<u>Gain (Loss)</u>
U.S. Government & agency securities	\$ 516,413	\$ 524,737	\$ 8,324
Mutual funds & money market funds	<u>430,921</u>	<u>430,921</u>	<u>0</u>
	<u>\$ 947,334</u>	<u>\$ 955,658</u>	<u>\$ 8,324</u>

	2015		Unrealized
	<u>Book Value</u>	<u>Market Value</u>	<u>Gain (Loss)</u>
U.S. Government & agency securities	\$ 183,550	\$ 185,250	\$ 1,700
Mutual funds & money market funds	<u>734,850</u>	<u>734,850</u>	<u>0</u>
	<u>\$ 918,400</u>	<u>\$ 920,100</u>	<u>\$ 1,700</u>

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

	<u>2016</u>	<u>2015</u>
Unrestricted assets:		
Investment income	\$ 2,056	\$ 2,353
Realized gains (losses)	149	(138)
Unrealized gains (losses)	6,624	852
Investment related fees	(4,673)	(4,531)
Interest cash equivalents	<u>68</u>	<u>58</u>
Total	<u>\$ 4,224</u>	<u>\$ (1,406)</u>

NOTE 10 — TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets amounted to \$182,214 as of June 30, 2016. This represents \$66,426 of advances on the campaign to be run in the fall of 2016 and beyond and \$115,788 of restricted donations for environment related programs.

Temporarily restricted net assets amounted to \$279,288 as of June 30, 2015. This represents \$163,500 of advances in the campaign to be run in the fall of 2015 and beyond and \$115,788 of restricted donations for environment related programs.

During the years ended June 30, 2016 and 2015, \$139,500 and \$61,000 respectively, were released from temporarily restrictions to be used in accordance with the donor wishes.

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 — NET ASSET CLASSIFICATIONS:

Unappropriated Net Assets: are made up of funds which are not specifically restricted as to their use. The majority of these funds are expected to be used to fund other community needs in the next fiscal year.

Temporarily Restricted Net Assets: are funds that were donated to the United Way of Greater Waterbury with donor imposed stipulations that may be or will be met, either by actions of the United Way and/or the passage of time.

Permanently Restricted Net Assets: are subject to donor-imposed stipulations that they be maintained permanently by the United Way.

The board has appropriated some unrestricted net assets into two classifications as follows:

Appropriated Investment in Plant & Equipment: are made up of all capitalized, net of depreciation, plant and equipment owned by the United Way of Greater Waterbury.

Appropriated Board Designated Emergency Fund: are funds that were set aside by the Board for future emergency program expenditures.

NOTE 12 — ALLOCATIONS PAYABLE TO DESIGNATED AGENCIES:

Allocations amounting to \$887,637, and \$901,606 were allocated to designated agencies as payable on June 30, 2016 and 2015, respectively. This balance represents twelve months of agencies allocation for the upcoming year.

NOTE 13 — SPECIAL EVENTS:

As part of its revenue raising activities the United Way of Greater Waterbury will periodically hold special events. There were no special events held during the 2016 or 2015 fiscal year.

NOTE 14 — INVESTMENT IN INSURANCE POLICY:

During the fiscal year ended June 30, 2012 there was a donation of funds to purchase life insurance policies on the life of the individuals donating the funds. The policies are owned by the United Way of Greater Waterbury and the United Way of Greater Waterbury is the beneficiary of the policies. The value of these policies at the June 30, 2016 year end were \$24,395 and at the June 30, 2015 year end were \$19,516, with a death benefit of \$250,000.

**UNITED WAY OF GREATER WATERBURY
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 — CONTINGENT LIABILITIES:

The United Way of Greater Waterbury's personnel policies include the accrual of vacation time based on length of employment with the United Way of Greater Waterbury on a calendar year basis. At the end of the calendar year, if the vacation or sick time is not used it is not carried over to the next year. As these statements are prepared on a fiscal year end of June 30, there is some accumulated and unused vacation pay. At June 30, 2016 and 2015, the unrecorded liabilities were \$28,168 and \$15,856 respectively. No recognition of this liability has been made within these financial statements.

NOTE 16 — BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

The United Way of Greater Waterbury, entered into an agreement with the Connecticut Community Foundation (the Foundation) to establish an endowment fund to benefit the Greater Waterbury community.

The Foundation has ultimate authority and control over the property in the fund and income derived from it. The income will be used for the support of the charitable educational and community purposes of the United Way of Greater Waterbury and its affiliated agencies.

The United Way of Greater Waterbury receives distributions from this fund based on an annually established payout rate by the Foundation. The payout to the United Way may consist of all income and or capital appreciation of the fund, or a portion thereof, less a reasonable and allocable share of the Foundation's investment and administrative expenses. The payout shall be paid and distributed to the agency at least annually, or more frequently, if agreed to by the Foundation and the United Way.

The following is the detail of the endowment fund as of June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Balance, July 1,	\$ 7,777	\$ 8,046
Contributions	0	0
Interest, investment gain, less fees	(138)	41
Disbursements	<u>(324)</u>	<u>(310)</u>
Balance, June 30,	<u>\$ 7,315</u>	<u>\$ 7,777</u>

NOTE 17 — SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through August 31, 2016. The financial statements were available for issue on September 13, 2016.

**UNITED WAY OF GREATER WATERBURY
ALLOCATIONS TO AGENCIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	Allocations Approved 2015/16	Allocations Approved 2014/15
<u>Partner Agency Allocations</u>		
American Red Cross — Waterbury Area	\$ 20,000	\$ 20,000
Boys and Girls Club of Greater Waterbury	26,967	26,967
Catholic Charities	60,405	60,405
Children's Community School	34,656	45,600
Connecticut Counseling Centers	6,640	6,640
Connecticut Legal Services	16,600	16,600
Connecticut River Council Boy Scouts	20,000	20,000
Families in Crisis	26,573	26,573
Family Service Association of Greater Waterbury, Inc.	53,685	53,685
Girl Scouts of Connecticut	10,000	10,000
Girls Inc of Southwestern Connecticut	23,000	23,000
Greater Waterbury Interfaith Ministry	27,945	27,945
Hispanic Coalition	12,450	12,450
211/Infoline	28,769	31,794
Jewish Federation	5,048	5,048
John Driscoll United Labor Agency	26,161	26,161
Kangaroo Korner	5,000	5,000
Literacy Volunteers of Greater Waterbury	25,000	25,000
Mental Health Association of Connecticut	25,975	25,975
Nutmeg Big Brothers/Big Sisters	14,000	14,000
Safe Haven of Greater Waterbury	88,547	88,547
Salvation Army - Waterbury	43,990	43,990
Stay Well Health Center	27,050	27,050
VNA Health at Home, Inc	7,300	7,300
VNA Health Care Inc.	32,200	32,200
Waterbury Youth Services	80,861	80,861
Wellmore	90,451	90,451
Y.M.C.A. — Cheshire	6,679	6,679
Y.M.C.A. — Waterbury	41,685	41,685
Total allocation to agencies	<u>\$ 887,637</u>	<u>\$ 901,606</u>
<u>Special Allocations/Initiative Funding</u>		
Bridges to Success Community Partnerships	\$ 33,000	\$ 25,000
ST Vincent DePaul /COC/Ten Year Plan Support	40,000	40,000
CT Community Foundation/Nonprofit Assistance Initiative	30,000	30,000
Outcome Measurement Initiative	10,000	10,000
Home Visiting Initiative	18,000	18,000
New Opportunities Income Secure Jobs	10,000	10,000
Flexible Assistance Fund	65,000	96,900
Emerging Needs Fund	22,768	38,933
Total special allocation/Initiative Funding	<u>\$ 228,768</u>	<u>\$ 268,833</u>
 Total Allocations	 <u>\$ 1,116,405</u>	 <u>\$ 1,170,439</u>

KIRCALDIE, RANDALL & McNAB LLC

See accountant's report and accompanying notes to the financial statements