United Way, Inc. d/b/a
United Way of Central and
Northeastern Connecticut

Financial Statements and
Independent Auditor's Report

June 30, 2017 and 2016

CohnReznick
Accounting • Tax • Advisory

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

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Independent Auditor's Report

To the Board of Directors
United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

We have audited the accompanying financial statements of United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut, which comprise the statement of financial position as of June 30, 2017 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 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 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, Inc. d/b/a United Way of Central and Northeastern Connecticut as of June 30, 2017, 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, Inc. d/b/a United Way of Central and Northeastern Connecticut's 2016 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Hartford, Connecticut
November 15, 2017

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

Statement of Financial Position

June 30, 2017
(With comparative totals for 2016)

	2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016 Total
Assets					
Assets:					
Cash and cash equivalents	$ 4,911,729	$ -	$ -	$ 4,911,729	$ 4,880,706
Due from (to) other funds	(406,030)	406,030	-	-	-
Prepaid expenses and other assets	121,697	-	-	121,697	138,084
Pledges receivable, net	5,773,147	1,089	-	5,774,236	6,423,051
Other receivables	397,200	-	-	397,200	251,218
Investments	15,560,776	-	1,241,820	16,802,596	16,108,866
Investments held in trust by others	-	-	6,664,429	6,664,429	6,243,951
Property and equipment, net	1,195,485	-	-	1,195,485	1,364,624
Total assets	$ 27,554,004	$ 407,119	$ 7,906,249	$ 35,867,372	$ 35,410,500
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 866,455	$ -	$ -	$ 866,455	$ 1,896,168
Campaign support due to Community Health Charities	454,021	-	-	454,021	571,892
Agency program support payable	8,211,134	-	-	8,211,134	8,285,888
Donor designations payable	2,573,723	-	-	2,573,723	3,080,693
Grants payable	2,463,730	-	-	2,463,730	1,916,957
Total liabilities	14,569,063	-	-	14,569,063	15,751,598
Commitments and contingencies					
Net assets:					
Unrestricted	12,984,941	-	-	12,984,941	11,905,151
Temporarily restricted	-	407,119	-	407,119	267,980
Permanently restricted	-	-	7,906,249	7,906,249	7,485,771
Total net assets	12,984,941	407,119	7,906,249	21,298,309	19,658,902
Total liabilities and net assets	$ 27,554,004	$ 407,119	$ 7,906,249	$ 35,867,372	$ 35,410,500

See Notes to Financial Statements.

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

Statement of Activities

Year Ended June 30, 2017
(With comparative totals for 2016)

	2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016 Total
Public support and revenue:					
Campaign amounts raised	$ 20,260,099	$ 333,902	$ -	$ 20,594,001	$ 22,321,562
Add:					
Contributions from other United Way campaigns, net of donor designations	220,498	-	-	220,498	251,558
Less:					
Uncollectible pledges	(582,625)	-	-	(582,625)	(683,324)
Community Health Charities' share of campaign proceeds	(770,692)	-	-	(770,692)	(955,229)
Amounts designated by donors	(8,188,073)	-	-	(8,188,073)	(9,088,706)
Net assets released from restrictions	194,763	(194,763)	-	-	-
Campaign revenue, net	11,133,970	139,139	-	11,273,109	11,845,861
Other revenue:					
Investment income, net of fees of $25,000	292,601	-	-	292,601	417,125
Income from trusts held by others	401,306		-	401,306	442,241
Community grants, initiatives and service income	496,577	-	-	496,577	424,454
Administrative fees on amounts raised on behalf of others	226,479	-	-	226,479	195,994
Rental income	83,192	-	-	83,192	83,192
Gifts in-kind	-	-	-	-	69,843
Miscellaneous/other revenue	244,561	-	-	244,561	216,072
Total other revenue	1,744,716	-	-	1,744,716	1,848,921
Total public support and revenue	12,878,686	139,139	-	13,017,825	13,694,782

See Notes to Financial Statements.

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

Statement of Activities

Year Ended June 30, 2017
(With comparative totals for 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Community Investment and program services:					
Community support and gross funds distributed	$ 16,372,390	$ -	$ -	$ 16,372,390	$ 17,543,935
Less: Community Health Charities' share of campaign proceeds	(770,692)	-	-	(770,692)	(955,229)
Amounts designated by donors	(8,188,073)	-	-	(8,188,073)	(9,088,706)
Community Investment (program support)	7,413,625	-	-	7,413,625	7,500,000
Grants and initiatives	548,027	-	-	548,027	544,003
Community Investment services	1,804,061	-	-	1,804,061	1,733,264
Total Community Investment and program services	9,765,713	-	-	9,765,713	9,777,267
Support services:					
Resource development	2,406,049	-	-	2,406,049	2,553,316
Management and general	1,453,450	-	-	1,453,450	1,449,842
Total support services	3,859,499	-	-	3,859,499	4,003,158
Total Community Investment and program services and support services	13,625,212	-	-	13,625,212	13,780,425
Operating income (deficit)	(746,526)	139,139	-	(607,387)	(85,643)
Nonoperating revenue and expenses:					
Realized gain (loss) on sale of investments	89,986	-	-	89,986	(385,254)
Change in unrealized gain (loss) on investments	736,143	-	-	736,143	(99,734)
Change in investments held in trust by others	-	-	420,478	420,478	(408,611)
Pension related changes other than net periodic pension cost	1,000,187	-	-	1,000,187	(624,643)
Change in net assets	1,079,790	139,139	420,478	1,639,407	(1,603,885)
Net assets, beginning of year	11,905,151	267,980	7,485,771	19,658,902	21,262,787
Net assets, end of year	$ 12,984,941	$ 407,119	$ 7,906,249	$ 21,298,309	$ 19,658,902

See Notes to Financial Statements.

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

Statement of Cash Flows

Year Ended June 30, 2017
(With comparative totals for 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 1,639,407	$ (1,603,885)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	209,775	220,337
Decrease in allowance for uncollectible pledges	(126,487)	(57,614)
Change in unrealized loss (gain) on investments	(736,143)	99,734
Realized loss (gain) on sale of investments	(89,986)	385,254
Change in investments held in trust by others	(420,478)	408,611
Changes in operating assets and liabilities		
Prepaid expenses and other assets	16,387	10,530
Pledges receivable	775,302	470,285
Other receivables	(145,982)	(148,006)
Accounts payable and accrued expenses	(1,029,713)	1,132,418
Campaign support due to Community Health Charities	(117,871)	(232,381)
Agency program support payable	(74,754)	(306,049)
Donor designations payable	(506,970)	(427,357)
Grants payable	546,773	757,325
Net cash provided by (used in) operating activities	(60,740)	709,202
Cash flows from investing activities		
Purchases of property and equipment, net	(40,636)	(43,686)
Proceeds from sales of investments	573,000	4,260,971
Purchases of investments	(440,601)	(4,253,096)
Net cash provided by (used in) investing activities	91,763	(35,811)
Net increase in cash and cash equivalents	31,023	673,391
Cash and cash equivalents, beginning	4,880,706	4,207,315
Cash and cash equivalents, end	$ 4,911,729	$ 4,880,706

See Notes to Financial Statements.

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut

Statement of Functional Expenses

Year Ended June 30, 2017
(With comparative totals for 2016)

		Support Services			
	Community Investment Services	Resource Development	Management and General	Total	2016 Total
Salaries	$ 1,015,905	$ 1,289,011	$ 629,946	$ 2,934,862	$ 2,781,720
Employee benefits	267,932	391,842	256,786	916,560	1,097,062
Temporary help	12,164	74,312	6,016	92,492	71,730
Total salaries and related expenses	1,296,001	1,755,165	892,748	3,943,914	3,950,512
Promotions	42,747	67,120	353	110,220	160,156
Other professional fees	41,237	185,160	18,543	244,940	168,945
Dues and support to United Way Worldwide	68,954	104,077	70,148	243,179	249,731
Supplies, printing and production	7,280	84,923	5,666	97,869	93,909
Occupancy	167,672	67,781	106,060	341,513	326,231
Depreciation	73,395	28,515	107,865	209,775	220,337
Rental and maintenance of equipment	11,889	17,952	12,098	41,939	45,580
Insurance	21,198	8,235	63,348	92,781	100,128
Equipment, hardware and software	26,951	19,446	32,546	78,943	84,301
Postage and shipping	1,491	19,530	7,929	28,950	28,013
Meetings, travel and staff development	11,504	11,305	8,623	31,432	53,623
Volunteer and agency development	-	2,812	9,073	11,885	11,034
Telephone	6,291	10,424	9,404	26,119	28,202
Dues, subscriptions and publications	12,866	8,255	11,205	32,326	37,328
Accounting fees	2,572	4,010	58,506	65,088	47,692
Legal fees	1,154	1,692	1,154	4,000	1,065
Management fees	5,410	2,101	3,289	10,800	8,700
Gifts in-kind	-	-	-	-	69,843
Miscellaneous and other	5,449	7,546	34,892	47,887	51,092
	508,060	650,884	560,702	1,719,646	1,785,910
Total functional expenses	$ 1,804,061	$ 2,406,049	$ 1,453,450	$ 5,663,560	$ 5,736,422

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization and operation

United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut ("United Way") is a separate, independent non-profit organization, governed by a local volunteer board of directors. United Way has been addressing community conditions in 40 towns across central and northeastern Connecticut since 1924. United Way's mission is to engage and bring together people and resources committed to the well-being of children and families in our community. United Way's vision is a community where opportunities are available for every child to succeed in school and for every family to achieve financial security. United Way also connects individuals and families with immediate emergency assistance such as food and shelter.

Through its annual community-wide campaign and other giving options, United Way provides the opportunity for people in the community to support the causes and non-profit organizations important to them. Contributions are obtained primarily from local businesses, charitable foundations and individuals. Contributions to United Way are tax-deductible within the limitations prescribed by law.

Management believes a donation directed to United Way *Community Investment* is the single best way to make a difference in our community. Through United Way *Community Investment*, donors' gifts are invested in programs and initiatives to ensure success for children and youth, financial security for lower income families, and immediate emergency assistance for those in need. Programs funded through *Community Investment* are researched and monitored by knowledgeable staff and volunteers to ensure that donor dollars are invested in programs that produce long-lasting results and that effective non-profit management, governance, and financial accountability standards are upheld.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements report information regarding United Way's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted - Net assets whose use by United Way is subject to either explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of United Way or that expire by the passage of time.

Permanently restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by United Way and stipulate the use of income and/or appreciation as either unrestricted or temporarily restricted based on donor-imposed stipulations or by operation of law.

Contributions are recognized as revenue in the period received and recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Gains and losses on investments and other assets, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All 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 (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 statement of activities as net assets released from restrictions.

Expenses are reported as decreases in unrestricted net assets.

<u>Summarized comparative information</u>
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 for the year ended June 30, 2016, from which the summarized information was derived.

Functional expenses – United Way categorizes its expenses to one of three functions as follows:

- Community Investment Services are the activities that result in goods and services being distributed to beneficiaries, customers and/or members that fulfill the mission of United Way. This constitutes the total direct and allocable expenses from *Community Investment*, along with administration and support to its three regional advisory boards, community initiatives and volunteer engagement opportunities within our communities.

- Resource Development includes those expenses that are directly attributable to the fundraising efforts, including the marketing of the annual United Way Community Campaign and the administration support and relationship services extended to donors.

- Management and general expenses provide for the overall support of United Way.

Accordingly, certain costs have been allocated by management based on time records and the best available estimate of the percentage of each cost element applicable to each functional area.

Liquidity information
In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their resulting use of cash.

Cash and cash equivalents
United Way considers all short-term, highly liquid investments available for current use with a maturity of three months or less when acquired to be cash equivalents.

Investments
United Way reports investments at their current fair value and reflects any gain or loss in the statement of activities. Gains and losses are considered unrestricted unless restricted by donor stipulation or by operation of law. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value.

Endowment and spending policy

United Way has adopted investment and spending policies for endowment assets that emphasize preservation of capital as the primary objective with a secondary objective being conservative growth. The policy is designed to preserve the real value of the investment reserves over time while providing a modest level of income for current operating needs. Funds are not intended to be used for campaign shortfalls and the spending policy is not mandatory. Endowment assets include those assets of donor-restricted funds that United Way must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term objectives, United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). United Way targets a broadly diversified asset allocation of investments to achieve its long-term return objectives within prudent risk constraints.

The Investment Spending Policy adopted by the Board of Directors allows for the withdrawal of up to 5% of the average investment portfolio balance of the preceding twenty quarters. The authorized withdrawal for the years ended June 30, 2017 and 2016 was $600,000. The actual withdrawal for the years ended June 30, 2017 and 2016 was $450,000 each year. The volunteer-approved spending policy withdrawal for fiscal year 2018 is $600,000.

Campaign results

Campaign results are generally calculated on gross amounts raised for all campaign efforts within the 40-town region. United Way counts all funds generated where it “manages” the workplace campaign and incurs the costs to do so, either from solicitation efforts made to and/or through corporate headquarters and/or branch locations within the central and northeastern Connecticut geographic area.

United Way has the responsibility of processing a number of workplace campaigns of companies having regional and/or national work locations and whose company headquarters is based in the Greater Hartford, Connecticut region. Recognizing that other local United Ways are primarily involved with the direct solicitation of these respective company locations, United Way does not include the campaign results from these locations in the statement of activities. These campaign results are reflected on the local United Way’s financial statements.

For the Connecticut State Employees' Campaign, United Way participates as a member federation. Campaign results designated to United Way and to the certified partner agencies, from state facilities based in the Greater Hartford region, have been reflected in campaign amounts raised by United Way in the accompanying statement of activities.

Property and equipment

United Way generally capitalizes expenditures for property and equipment in excess of $1,000 with a useful life of three years or greater. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives.

Estimated useful lives for financial reporting purposes are as follows:

Asset	Estimated Useful Lives
Building	31 years
Tenant improvements	10 - 15 years
Furniture, fixtures and equipment	3 - 5 years
Computer equipment and software	3 - 5 years
Office equipment	3 - 5 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

Donated materials and services
Donated materials and services are recorded at their estimated values at date of receipt. Community volunteers have donated significant amounts of time in assisting United Way with its fundraising efforts and *Community Investment* programs. The dollar value of these contributed services is not reflected in the financial statements because the nature of the services does not meet the specified criteria for recording.

Gifts in-kind
United Way receives in-kind contributions, which are recorded as revenue and related expense when received. In-kind contributions are reported at their estimated fair value and consist primarily of advertising.

Income taxes
United Way was organized as a nonstock, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and as such is not subject to federal and state corporate income taxes.

United Way has no unrecognized tax benefits at June 30, 2017 and 2016. United Way's federal and state information returns prior to fiscal year 2014 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If United Way has unrelated business income taxes, United Way will recognize interest and penalties associated with uncertain tax positions as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification
Certain prior year information was reclassified to conform to the current year presentation.

Subsequent events

United Way has evaluated events and transactions for potential recognition or disclosure through November 15, 2017, which is the date the financial statements were available to be issued.

Note 2 - Concentrations of credit risk

United Way maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. United Way has not experienced any loss in such accounts and believes that they are not exposed to any significant credit risk on cash and cash equivalents. The total uninsured cash balance at June 30, 2017 was approximately $4,780,000.

United Way invests in various debt and equity securities. These investment securities are recorded at market value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of United Way's investments which could materially affect amounts reported in the financial statements.

Note 3 - Pledges receivable and estimated allowance for uncollectible pledges

Pledges receivable, which are expected to be collected within one year, and the estimated allowance for uncollectible pledges, as of June 30, 2017 and 2016, are as follows:

	2017	2016
Gross pledges receivable		
2015/16 Campaign	$ 38,241	$ 7,216,761
2016/17 Campaign	6,402,758	630
2017/18 Campaign	1,090	-
Gross pledges receivable	6,442,089	7,217,391
Estimated allowance for uncollectible pledges		
2015/16 Campaign	-	794,340
2016/17 Campaign	667,853	-
Total estimated allowance for uncollectible pledges	667,853	794,340
Pledges receivable, net	$ 5,774,236	$ 6,423,051

The majority of campaign pledges received by United Way are honored via payroll deductions. These pledges are remitted to United Way throughout the year by the individuals' employer.

The estimated allowance for uncollectible pledges is based upon a three-year average of historical pledge loss factors adjusted by management's estimates of current economic and local business factors, applied to overall campaign activity. Initial reserve amounts are calculated (and recorded) on gross campaign amounts raised. Specific pledge amounts are written off when management has ascertained the amounts will not be collected. Otherwise, the overall outstanding campaign balance is reconciled and closed at a later date and time.

United Way Worldwide membership ("UWW") standards require the direct payment of donor directed gifts by the "*processing"* local United Way rather than having proceeds flow through the *"managing"* United Way of the workplace campaign. If no collection and payment detail is provided to United Way by the campaign "processor" (another local United Way or a third-party agent contracted by the company for its campaign), these specific designated gifts are assumed to be collected (and disbursed) in full and are recorded accordingly as campaign revenue and amounts designated by donors.

Should the actual pledge loss from a campaign be less than or greater than the amount initially reserved, the difference is recorded in current year results.

An initial reserve of 3.6% was established for the 2015 campaign. Actual pledge loss for this campaign, based upon payment information received by United Way inclusive of direct payments by others, was 3.5%. An initial reserve of 3.3% has been established for the 2016 campaign. For the 2013 through 2015 campaigns, the average rate of pledge loss was 3.3%.

Note 4 - Investments

United Way values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

If an asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used during fiscal years 2017 and 2016.

Financial assets carried at fair value at June 30, 2017 are classified in the table below in one of the three categories described above:

	Total	Level 1	Level 2	Level 3
Mutual funds				
Short term fixed income	$ 6,124,411	$ 6,124,411	$ -	$ -
Global fixed income	3,824,145	3,824,145	-	-
Alternative investments	3,365,190	3,365,190	-	-
U.S equities	2,043,085	2,043,085	-	-
Non U.S. equities	1,431,984	1,431,984	-	-
Money market fund	13,781	13,781	-	-
Investments held in trust by others	6,664,429	-	-	6,664,429
Total assets at fair value	$ 23,467,025	$ 16,802,596	$ -	$ 6,664,429

Financial assets carried at fair value at June 30, 2016 are classified in the table below in one of the three categories described above:

	Total	Level 1	Level 2	Level 3
Mutual funds				
Short term fixed income	$ 5,883,923	$ 5,883,923	$ -	$ -
Global fixed income	3,740,831	3,740,831	-	-
Alternative investments	3,239,111	3,239,111	-	-
U.S equities	1,984,530	1,984,530	-	-
Non U.S. equities	1,252,479	1,252,479	-	-
Money market fund	7,992	7,992	-	-
Investments held in trust by others	6,243,951	-	-	6,243,951
Total assets at fair value	$ 22,352,817	$ 16,108,866	$ -	$ 6,243,951

Changes in assets measured at fair value using level 3 inputs for the year ended June 30, 2017 are as follows:

	June 30, 2016	Net unrealized gains relating to assets held at the end of the year	Net purchases, sales, settlements	Net transfers in (out) of level 3	June 30, 2017
Investments held in trust by others	$ 6,243,951	$ 420,478	$ -	$ -	$ 6,664,429

Changes in assets measured at fair value using level 3 inputs for the year ended June 30, 2016 are as follows:

	July 01, 2015	Net unrealized losses relating to assets held at the end of the year	Net purchases, sales, settlements	Net transfers in (out) of level 3	June 30, 2016
Investments held in trust by others	$ 6,652,562	$ (408,611)	$ -	$ -	$ 6,243,951

Mutual funds and the money market fund are valued at the daily closing price as reported by the fund. Mutual funds and the money market fund held are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds and the money market fund are deemed to be actively traded. Investments held in trust by others are designated as level 3 instruments primarily because observable inputs are not readily available for their allocated portions of the portfolios, which are held by an unrelated party. The fair value is provided by management of the unrelated party and represents United Way's pro rata share of the fair value of the underlying investments. The unrelated party provides United Way with investment statements and valuations of its portion of the portfolios at year end. The fair value was obtained from a third-party without adjustments. As such, United Way is not required to provide certain quantitative disclosures regarding the valuation methods used because they were unobtainable.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although United Way believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

United Way’s policy is to recognize transfers in and transfers out of the various levels as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the years ended June 30, 2017 and 2016.

Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2017:

	2017		
	Cost	Market	Unrealized Gains (Losses)
Mutual funds			
Short term fixed income	$ 6,127,766	$ 6,124,411	$ (3,355)
Global fixed income	3,841,310	3,824,145	(17,165)
Alternative investments	3,069,886	3,365,190	295,304
U.S equities	1,352,689	2,043,085	690,396
Non U.S. equities	1,130,346	1,431,984	301,638
Money market fund	13,781	13,781	-
Total	$ 15,535,778	$ 16,802,596	$ 1,266,818

Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2016:

	2016		
	Cost	Market	Unrealized Gains (Losses)
Mutual funds			
Short term fixed income	$ 5,863,506	$ 5,883,923	$ 20,417
Global fixed income	3,899,738	3,740,831	(158,907)
Alternative investments	3,185,989	3,239,111	53,122
U.S equities	1,509,160	1,984,530	475,370
Non U.S. equities	1,111,806	1,252,479	140,673
Money market fund	7,992	7,992	-
Total	$ 15,578,191	$ 16,108,866	$ 530,675

Investment amounts are summarized in the statement of financial position as follows:

	2017	2016
Unrestricted	$ 15,560,776	$ 14,867,046
Permanently restricted	1,241,820	1,241,820
Total	$ 16,802,596	$ 16,108,866

The volunteers who make up the Investment Committee (a sub-committee of the Finance Committee) are charged with the responsibility for the management of the aggregate assets of the endowment of United Way. The majority of these volunteers are professionals within the investment industry. Their primary long-term objective is to preserve the real (i.e. inflation adjusted) purchasing power of all invested funds, while producing a modest income stream for support of operations and programs of United Way. To strengthen its fiduciary role, the Investment Committee utilizes the services of an independent consultant. The safekeeping of assets is maintained by a separate custodian.

Note 5 - Investments held in trust by others

Investments held in trust by others (and administered by a third-party trustee) represent the market values of United Way's rights to split-interest agreements. The interest in these assets is carried as a permanently restricted net asset in the statement of financial position. The distributed income from these investments is recorded as unrestricted revenue when received, as there are no restrictions on the use of these funds. The fair value as of June 30, 2017 and 2016 was $6,664,429 and $6,243,951, respectively. The change in the carrying value of investments held in trust by others during the years ended June 30, 2017 and 2016 was an unrealized gain (loss) of $420,478 and ($408,611), respectively.

Note 6 - Property and equipment

At June 30, 2017 and 2016, the cost of property and equipment, less accumulated depreciation, is as follows:

	2017	2016
Building and land	$ 3,201,003	$ 3,195,120
Tenant improvements	170,801	168,802
Furniture, fixtures and equipment	110,560	108,420
Computer equipment and software	765,348	738,603
Office equipment	8,927	5,056
	4,256,639	4,216,001
Less accumulated depreciation	(3,061,154)	(2,851,377)
Total	$ 1,195,485	$ 1,364,624

Note 7 - Line of credit

On August 18, 2014, United Way entered into a revolving line of credit agreement (the “Line”) with Webster Bank in the amount of $1,500,000 to be used as needed for general corporate purposes. This line is renewable annually as of March 31. Interest on advances is due and payable at a rate equal to either the adjusted daily LIBOR rate plus two hundred basis points, or the Base Lending Rate, as defined in the Line. The outstanding balance on the line of credit was $0 as of June 30, 2017 and 2016.

Note 8 - Community campaign partnership

In 1983, United Way signed an agreement with the organization presently called Community Health Charities of New England ("CHC"). Under the terms of this agreement, revised in 2000 by a memorandum of understanding, the United Way Community Campaign would be conducted as a joint solicitation effort, with the intention of providing the donor community with a single campaign through which contributions can be made to the region's major social and health service providers. CHC's member network is comprised of nationally recognized health agencies.

An updated campaign sharing agreement was reached between the parties and approved by their respective Boards in June 2013. Under this agreement, which replaces the previous agreement beginning with the 2013 Campaign, CHC will receive 100% of funds designated to them and their member and associate agencies (less any such designations paid directly by third parties) plus a proportionate share of funds designated to United Way’s Community Investment and select Interest Areas. This agreement ended after the 2016 campaign. During the years ended June 30, 2017 and 2016, for the 2016 and 2015 campaigns, the amounts shared with CHC were $767,820 and $986,366, respectively.

United Way is solely responsible for operating and managing the Community Campaign, including the collection of all pledges related to the annual community campaign. Funds are distributed to CHC on a scheduled basis (as defined). No fees are deducted by United Way from these proceeds.

Total due to CHC as of June 30, 2017 and 2016 is $454,021 and $571,892, respectively.

Note 9 - Agency program support

Through United Way's *Community Investment*, donors' gifts are invested by United Way volunteers in programs and initiatives with a proven track record of ensuring children are successful, families are financially stable and that basic needs are available to those in need. C*ommunity Investment* funded programs are monitored by trained volunteers who ensure that dollars are invested in programs to produce real results and that effective non-profit management, governance and financial accountability standards are upheld.

The total agency support expense for the year ended June 30, 2017 was $7,413,625. An additional $86,375 was available from unused funds from previous year's awards due to agency closings or other circumstances. Total awards to 51 organizations for 93 programs/initiatives, is summarized below:

Program service category	Amount	Percent
Ensuring Children are Successful	$ 4,163,600	55%
Family Financial Security	1,349,000	18
Basic Needs	1,987,400	27
	$ 7,500,000	100%

The total agency support expense for the year ended June 30, 2016 was $7,500,000. An additional $250,000 was available from unused funds from previous year's awards due to agency closings or other circumstances. Total awards to 57 organizations for 98 programs/initiatives, is summarized below:

Program service category	Amount	Percent
Ensuring Children are Successful	$ 4,100,000	53%
Family Financial Security	1,212,000	16
Basic Needs	2,438,000	31
	$ 7,750,000	100%

Note 10 - Designations to others

Through the United Way Community Campaign, donors can direct their gifts to any qualified organization in the United States over which United Way exercises/retains no discretion as to use due to donor instruction. In order to qualify, an organization must meet the following three criteria: (1) fully tax exempt, (2) donations are 100% tax deductible, (3) in full compliance with The Federal Patriot Act laws. As a member of United Way Worldwide, United Way adheres to all membership criteria including the requirements for deducting administrative fees from donor-directed pledges.

Note 11 - Grants payable

Grants payable are available for the following initiatives and are as follows as of June 30:

	2017	2016
Metro Hartford Workforce Solutions Collaborative - a public/private partnership of organizations committed to ensuring a competitive, economically self-sufficient workforce with the skills needed by area employers.	$ 1,120,285	$ 953,663
Emerging Needs Fund (formally known as Changing Community Conditions) - funds available to invest in strategies to improve lives and change community conditions, and/or respond to emergency needs that are in alignment with United Way's community goals.	383,790	410,679
WLC Family Financial Initiative - funds available to bring adult financial services such as credit and budget workshops, one-on-one financial coaching, matched savings programs and referral services to community schools in Hartford.	536,695	465,327
Generation Work - with support from the Annie E. Casey Foundation, United Way and multiple partners aim to identify and pursue effective strategies to improve employment opportunities for young adults ages 18 to 29 by improving coordination and collaboration among industry-specific approaches and youth initiatives.	259,978	87,288
Coalition for New Britain's Youth - a citywide collaborative committed to improving the lives of New Britain's youth, birth through age 24, and working to ensure they have what they need to be successful in school, career, and life.	162,982	-
Total grants payable	$ 2,463,730	$ 1,916,957

Note 12 - Temporarily restricted net assets

Temporarily restricted net assets consist of the following as of June 30:

	2017	2016
Campaign contributions for		
Community Investment:		
Time restricted for use in fiscal year 2017	$ -	194,134
Time restricted for use in fiscal year 2018	333,902	-
	333,902	194,134
Assigned assets - regional service areas	73,217	73,846
Total	$ 407,119	$ 267,980

Net assets of $194,763 and $251,502 for the years ended June 30, 2017 and 2016, respectively, were released for program support through the expiration of time restrictions and the expenditure of assigned assets.

Note 13 - Permanently restricted net assets

Permanently restricted net assets are restricted for investment in perpetuity. The balances as of June 30, 2017 and 2016 were $7,906,249 and $7,485,771, respectively.

Since 1998, United Way has followed a spending policy that sets the appropriation from all unrestricted earnings from donor-restricted and board-designated endowments. Based on the annual spending policy, it is assumed all earnings from the donor-restricted endowment have been appropriated in accordance with the applicable guidance.

Note 14 - Contributions from other United Way campaigns

This revenue is recorded on a cash basis in the financial statements, net of any pass-through amounts directed to community agencies. No fees are deducted (by United Way) on any such "donor-restricted gifts."

Note 15 - Operating leases

United Way leases certain equipment under non-cancelable operating leases which expire at various times through October 2020. Monthly aggregate payments are $2,261. United Way is responsible for maintenance, taxes and related insurance costs. Total rental expense under these leases was $25,231 and $24,499 during the years ended June 30, 2017 and 2016, respectively.

Future commitments under these leases in each of the years subsequent to June 30, 2017 are as follows:

Year Ending June 30,	Amount
2018	$ 7,838
2019	6,132
2020	6,132
2021	1,856
Total	$ 21,958

United Way leases portions of its administrative building to unrelated not-for-profit organizations. As of June 30, 2017, three leases were in effect which expire at various dates through December 2019. Rental income for the years ended June 30, 2017 and 2016 was $83,192.

Future minimum lease payments to be received in each of the years subsequent to June 30, 2017 are as follows:

Year Ending June 30,	Amount
2018	$ 82,635
2019	80,982
2020	40,491
Total	$ 204,108

Note 16 - Employee benefit plans

United Way maintains a contributory defined benefit pension plan, which vests with three years of service, and which covers substantially all of its employees at least 21 years of age with one year of service. It is United Way's policy to fund pension costs as determined by the Board of Directors, subject to the funding limitations of the Employee Retirement Income Security Act of 1974 (ERISA).

The measurement date of this plan is June 30. The accrued benefit cost is included in accounts payable and accrued expenses in the accompanying statements of financial position.

	2017	2016
Projected benefit obligation at June 30	$ 4,060,330	$ 4,608,954
Fair value of plan assets at June 30	(3,647,219)	(3,294,339)
Under funded status	$ 413,111	$ 1,314,615
Accrued benefit cost recognized in the statement of financial position	(413,111)	(1,314,615)
Weighted average assumptions as of June 30:		
Discount rate	3.50%	3.50%
Expected return on plan assets	7.25%	7.50%
Rate of compensation increase	5.75%	5.75%
Post-retirement interest rate	5.50%	5.50%
Net periodic benefit cost	$ 248,683	$ 186,146
Employer contribution	150,000	161,000
Benefits paid	101,691	1,319,398
Accumulated benefit obligation	4,060,330	3,550,876

The expected long-term rate of return on plan assets assumption of 7.25% was selected in accordance with Actuarial Standards Board in Actuarial Standards of Practice No. 27 ("Selection of Economic Assumptions for Measuring Pension Obligations"). Based on United Way's investment allocations for the pension plan in effect as of the beginning of the fiscal year, the best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on long-term historical return on the applicable asset classes. An average inflation rate within the range equal to 3.50% was selected and added to the real rate of return range to arrive at a best estimate range of 6.47% - 8.79%. A rate of 7.25%, which is within the best estimate range, was selected.

Retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

Fiscal Year Ending June 30,		
2018	$	407,000
2019		608,000
2020		166,000
2021		259,000
2022		181,000
2023-2027		956,000

The asset allocations by category as of June 30, 2017 and 2016 are as follows:

	2017	%	2016	%
Equity	$ -	0%	$ 1,641,365	49.80%
Fixed income	-	-	1,043,120	31.7
General account*	3,647,219	100	609,854	18.5
	$ 3,647,219	100.00%	$ 3,294,339	100.00%

*The general account assets are invested in securities with varied maturities.

United Way sets investment guidelines with the assistance of investment professionals. These guidelines are established on market conditions, risk tolerance, funding requirements and expected benefit payments. The guidelines address the investment allocation process, selection of investment professionals and monitoring of asset performance. As pension liabilities are long-term in nature, United Way employs a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk. An annual analysis on the risk versus the return of the investment portfolio is conducted to justify the expected long-term rate of return assumption.

Effective June 30, 2017, the Plan was amended to freeze all future benefit accruals under the Plan, whereby no Plan participant will earn any additional benefits and no new employees will become eligible to participate in the Plan. Final average compensation will not include any compensation earned after the effective date, and benefit accrual service will not include any service after the effective date. All participants became 100% vested in their accrued benefit as of June 30, 2017. It is expected that the plan will be fully terminated and all benefits distributed in 2018. In anticipation of this, all assets in the plan were moved to the general account to ensure the preservation of the asset value.

Pension plan assets carried at fair value at June 30, 2017 are classified in the table below:

	Level 1	Level 2	Level 3	Total
Pooled separate accounts				
Fixed income	$ -	$ -	$ -	$ -
Large cap stock	-	-	-	-
Mid cap stock	-	-	-	-
Small cap stock	-	-	-	-
REIT Index portfolio	-	-	-	-
International equity	-	-	-	-
	-	-	-	-
Guaranteed income fund	-	-	$ 3,647,219	$ 3,647,219
Total	$ -	$ -	$ 3,647,219	$ 3,647,219

Changes in pension plan assets measured at fair value using level 3 inputs for the year ended June 30, 2017 are as follows:

	Balance as of June 30, 2016	Interest Income	Purchases	Transfers	Sales	Balance as of June 30, 2017
Guaranteed income fund	$ 609,854	$ 7,279	$ 150,000	$ 3,003,953	$ (123,867)	$ 3,647,219

Pension plan assets carried at fair value at June 30, 2016 are classified in the table below:

	Level 1	Level 2	Level 3	Total
Pooled separate accounts				
Fixed income	$ -	$ 1,043,120	$ -	$ 1,043,120
Large cap stock	-	654,243	-	654,243
Mid cap stock	-	323,693	-	323,693
Small cap stock	-	164,289	-	164,289
REIT Index portfolio	-	167,395	-	167,395
International equity	-	331,745	-	331,745
Guaranteed income fund	-	-	609,854	609,854
Total	$ -	$ 2,684,485	$ 609,854.00	$ 3,294,339

Changes in pension plan assets measured at fair value using level 3 inputs for the year ended June 30, 2016 are as follows:

	Balance as of July 1, 2015	Interest Income	Purchases	Transfers	Sales	Balance as of June 30, 2016
Guaranteed income fund	$ 1,118,338	$ 10,153	$ 161,000	$ -	$ (679,637)	$ 609,854

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs:

	2017 Fair Value	2016 Fair Value	Purchases	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
Guaranteed Income Fund	$ 3,647,219	$ 609,854	Discounted cash flow	Current yields of similar instruments	1.00%	1.00%

Pooled separate accounts are valued at the fair value of units held. Such values are based on the fair value of the separate account's underlying investments (level 2). The guaranteed income fund is valued at fair value by discounting the cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer (level 3).

A reconciliation of items not yet reflected in net periodic benefit cost and a component of unrestricted net assets is as follows for the years ended June 30, 2017 and 2016:

	June 30, 2016	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	Effects of Curtailment	June 30, 2017
1. Transition obligation (asset)	$ -	$ -	$ -	$ -	$ -
2. Net prior service cost (credit)	-	-	-	-	-
3. Net loss	1,000,187	(60,444)	(87,759)	(851,984)	-
	$ 1,000,187	$ (60,444)	$ (87,759)	$ (851,984)	$ -

	July 01, 2015	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	Effects of Settlement	June 30, 2016
1. Transition obligation (asset)	$ -	$ -	$ -	$ -	$ -
2. Net prior service cost (credit)	-	-	-	-	-
3. Net loss	375,544	-	906,747	(282,104)	1,000,187
	$ 375,544	$ -	$ 906,747	$ (282,104)	$ 1,000,187

The estimated effect in the next fiscal year of items not yet reflected in net periodic benefit cost is as follows:

	July 01, 2017	Estimated Amounts to be Reclassified as Net Periodic Benefit Cost in 2018
1. Transition obligation	$ -	$ -
2. Net prior service cost	-	-
3. Net loss	-	-

No plan assets are expected to be returned to the employer during the next fiscal year.

Based on the facts and circumstances that existed at June 30, 2017, United Way expects to contribute $150,000 to the plan during fiscal year 2018. United Way believes with prudent risk tolerance and asset diversification, the plan should be able to meet its pension obligations in the future.

In addition, United Way maintains a voluntary retirement savings program for its employees. Under this 403(b) Thrift Plan, eligible employees may contribute any amount from pre-tax salary provided that total annual contributions do not exceed the maximum permitted under the Internal Revenue Code. To participate in this plan, employees must complete one year of service.

United Way makes a matching contribution, for employees with less than 20 years of service, equal to 50% of the salary reduction amount contributed during the plan year up to 3% of compensation received during the plan year. For those employees with 20 years or more of service (excluding highly compensated employees), the matching contribution is equal to 75% of the salary reduction amount contributed during the plan year up to 4.5% of compensation received during the plan year. Vesting of these matching contributions is 100% when an employee has completed three years of service. United Way's contributions during the years ended June 30, 2017 and 2016 were $49,300 and $49,524, respectively.

Note 17 - Endowment

United Way’s endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

Endowment net asset composition by type of fund as of June 30, 2017 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 1,241,820	$ 1,241,820
Board-designated endowment funds	15,560,776	-	-	15,560,776
Total funds	$ 15,560,776	$ -	$ 1,241,820	$ 16,802,596

Endowment net asset composition by type of fund as of June 30, 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$1,241,820	$1,241,820
Board-designated endowment funds	14,867,046	-	-	14,867,046
Total funds	$ 14,867,046	$ -	$ 1,241,820	$ 16,108,866

Changes in endowment net assets for the year ended June 30, 2017 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 14,867,046	$ -	$ 1,241,820	$ 16,108,866
Investment income	293,117	24,484	-	317,601
Net realized and unrealized appreciation	826,129	-	-	826,129
Amounts appropriated for expenditure	(425,516)	(24,484)	-	(450,000)
Endowment net assets, end of year	$ 15,560,776	$ -	$ 1,241,820	$ 16,802,596

Changes in endowment net assets for the year ended June 30, 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 15,359,909	$ -	$ 1,241,820	$ 16,601,729
Investment income	409,054	33,071	-	442,125
Net realized and unrealized depreciation	(484,988)	-	-	(484,988)
Amounts appropriated for expenditure	(416,929)	(33,071)	-	(450,000)
Endowment net assets, end of year	$ 14,867,046	$ -	$ 1,241,820	$ 16,558,866

Endowment funds classified as permanently restricted net assets as of June 30, 2017 and 2016 are available for the following:

	2017	2016
Permanently restricted net assets		
The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulations	$ 1,241,820	$ 1,241,820

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires United Way to retain as a fund of perpetual duration. As of June 30, 2017 and 2016, there were no deficiencies of this nature that are reported in unrestricted net assets.

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