

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

**Financial Statements  
and Independent Auditor's Report**

**June 30, 2021 and 2020**

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**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, 2021, and the related statements of activities, functional expenses and cash flows 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CohnReznick LLP*

Hartford, Connecticut  
November 12, 2021

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

**Statement of Financial Position  
June 30, 2021  
(With Comparative Totals for 2020)**

	2021		Total	2020 Total
	Without donor restrictions	With donor restrictions		
<u>Assets</u>				
Assets				
Cash and cash equivalents	\$ 2,908,432	\$ -	\$ 2,908,432	\$ 4,249,410
Due from (to) other funds	(202,968)	202,968	-	-
Prepaid expenses and other assets	120,221	-	120,221	312,511
Contributions receivable, net	2,702,856	-	2,702,856	3,884,471
Other receivables	148,466	-	148,466	294,342
Investments	16,979,299	1,241,820	18,221,119	16,649,778
Investments held in trust by others	-	8,772,986	8,772,986	6,931,458
Property and equipment, net	764,852	-	764,852	856,750
	<u>\$ 23,421,158</u>	<u>\$ 10,217,774</u>	<u>\$ 33,638,932</u>	<u>\$ 33,178,720</u>
<u>Liabilities and Net Assets</u>				
Liabilities				
Accounts payable and accrued expenses	\$ 1,829,946	\$ -	\$ 1,829,946	\$ 2,857,044
Agency program support payable	5,368,405	-	5,368,405	6,012,334
Donor designations payable	759,209	-	759,209	1,946,115
Grants payable	2,109,663	-	2,109,663	2,427,861
Refundable advance - PPP	724,252	-	724,252	576,506
	<u>10,791,475</u>	<u>-</u>	<u>10,791,475</u>	<u>13,819,860</u>
Commitments and contingencies				
Net assets				
Without donor restrictions	12,629,683	-	12,629,683	10,977,364
With donor restrictions	-	10,217,774	10,217,774	8,381,496
	<u>12,629,683</u>	<u>10,217,774</u>	<u>22,847,457</u>	<u>19,358,860</u>
Total net assets	<u>12,629,683</u>	<u>10,217,774</u>	<u>22,847,457</u>	<u>19,358,860</u>
Total liabilities and net assets	<u>\$ 23,421,158</u>	<u>\$ 10,217,774</u>	<u>\$ 33,638,932</u>	<u>\$ 33,178,720</u>

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, 2021  
(With Comparative Totals for 2020)**

	2021		Total	Total
	Without donor restrictions	With donor restrictions		
Public support and revenue				
Campaign amounts raised	\$ 9,093,605	\$ 129,750	\$ 9,223,355	\$ 14,341,464
Add				
Contributions from other United Way campaigns, net of donor designations	68,589	-	68,589	90,426
Less				
Uncollectible contributions	(25,328)	-	(25,328)	(949,730)
Amounts designated by donors	(2,415,049)	-	(2,415,049)	(4,361,472)
Net assets released from restrictions	135,000	(135,000)	-	-
Campaign revenue, net	<u>6,856,817</u>	<u>(5,250)</u>	<u>6,851,567</u>	<u>9,120,688</u>
Other revenue				
Investment income, net of fees of \$25,000	394,180	-	394,180	430,938
Income from trusts held by others	547,712	-	547,712	435,622
Community grants, initiatives and service income	2,887,781	-	2,887,781	1,160,402
Administrative fees on amounts raised on behalf of others	143,566	-	143,566	249,139
Rental income	89,141	-	89,141	87,428
Gifts in-kind	279,065	-	279,065	154,528
Contribution - PPP	576,506	-	576,506	-
Miscellaneous/other revenue	703,078	-	703,078	645,182
Total other revenue	<u>5,621,029</u>	<u>-</u>	<u>5,621,029</u>	<u>3,163,239</u>
Total public support and revenue	<u>12,477,846</u>	<u>(5,250)</u>	<u>12,472,596</u>	<u>12,283,927</u>

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

**Statement of Activities  
Year Ended June 30, 2021  
(With Comparative Totals for 2020)**

	2021		Total	2020 Total
	Without donor restrictions	With donor restrictions		
Community Investment and program services				
Community support and gross funds distributed	7,615,049	-	7,615,049	10,361,472
Amounts designated by donors	<u>(2,415,049)</u>	<u>-</u>	<u>(2,415,049)</u>	<u>(4,361,472)</u>
Community Investment (program support)	5,200,000	-	5,200,000	6,000,000
Grants and initiatives	2,734,504	-	2,734,504	1,587,986
Community Investment services	<u>1,625,698</u>	<u>-</u>	<u>1,625,698</u>	<u>1,650,582</u>
Total Community Investment and program services	<u>9,560,202</u>	<u>-</u>	<u>9,560,202</u>	<u>9,238,568</u>
Support services				
Resource development	2,312,068	-	2,312,068	2,331,126
Management and general	<u>1,431,665</u>	<u>-</u>	<u>1,431,665</u>	<u>1,485,664</u>
Total support services	<u>3,743,733</u>	<u>-</u>	<u>3,743,733</u>	<u>3,816,790</u>
Total Community Investment, program services and support services	<u>13,303,935</u>	<u>-</u>	<u>13,303,935</u>	<u>13,055,358</u>
Operating income (deficit)	(826,089)	(5,250)	(831,339)	(771,431)
Nonoperating revenue and expenses				
Realized gain (loss) on sale of investments	696,123	-	696,123	(139,801)
Change in unrealized gain on investments	1,456,037	-	1,456,037	46,578
Change in investments held in trust by others	-	1,841,528	1,841,528	(15,873)
Pension related changes other than net periodic pension cost	<u>326,248</u>	<u>-</u>	<u>326,248</u>	<u>(657,708)</u>
Change in net assets	1,652,319	1,836,278	3,488,597	(1,538,235)
Net assets, beginning of year	<u>10,977,364</u>	<u>8,381,496</u>	<u>19,358,860</u>	<u>20,897,095</u>
Net assets, end of year	<u>\$ 12,629,683</u>	<u>\$ 10,217,774</u>	<u>\$ 22,847,457</u>	<u>\$ 19,358,860</u>

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, 2021  
(With Comparative Totals for 2020)**

	2021			2020 Total	
	Community Investment and program services	Support Services			
		Resource development	Management and general	Total	
Community Investment					
Community support and gross funds distributed	\$ 7,615,049	\$ -	\$ -	\$ 7,615,049	\$ 10,361,472
Amounts designated by donors	(2,415,049)	-	-	(2,415,049)	(4,361,472)
Community Investment (program support)	5,200,000	-	-	5,200,000	6,000,000
Grants and initiatives	2,734,504	-	-	2,734,504	1,587,986
Total Community Investment (program support) and grants and initiatives	7,934,504	-	-	7,934,504	7,587,986
Salaries	677,582	1,317,543	461,610	2,456,735	2,731,638
Employee benefits	210,466	355,810	303,349	869,625	687,554
Temporary help	5,769	36,545	8,444	50,758	38,131
Total salaries and related expenses	893,817	1,709,898	773,403	3,377,118	3,457,323
Promotions	30,564	195,649	96	226,309	154,577
Other professional fees	65,255	101,238	153,527	320,020	315,884
Dues and support to United Way Worldwide	53,984	91,358	58,137	203,479	213,812
Supplies, printing and production	1,741	21,232	22,693	45,666	124,275
Occupancy	142,237	56,970	87,075	286,282	346,009
Depreciation	75,156	29,199	57,839	162,194	170,430
Rental and maintenance of equipment	8,634	14,450	9,293	32,377	47,229
Insurance	25,180	9,783	58,391	93,354	98,193
Equipment, hardware and software	26,024	23,538	46,375	95,937	113,516
Postage and shipping	908	12,049	7,137	20,094	17,527
Meetings, travel and staff development	1,245	1,583	439	3,267	23,518
Volunteer and agency development	56	95	967	1,118	12,884
Telephone	8,923	14,947	10,390	34,260	29,473
Dues, subscriptions and publications	15	11,407	20,710	32,132	38,434
Accounting fees	3,735	6,322	55,828	65,885	64,244
Legal fees	599	1,013	2,250	3,862	4,410
Management fees	9,356	3,635	5,688	18,679	12,480
Gifts in-kind	275,315	-	3,750	279,065	154,528
Miscellaneous and other	2,954	7,702	57,677	68,333	68,626
	731,881	602,170	658,262	1,992,313	2,010,049
Total functional expenses (excluding Community Investment (program support) and grants and initiatives)	1,625,698	2,312,068	1,431,665	5,369,431	5,467,372
Total functional expenses	\$ 9,560,202	\$ 2,312,068	\$ 1,431,665	\$ 13,303,935	\$ 13,055,358

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, 2021  
(With Comparative Totals for 2020)**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 3,488,597	\$ (1,538,235)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	162,194	170,430
(Decrease) increase in allowance for uncollectible contributions	(315,296)	114,050
Change in unrealized gain on investments	(1,456,037)	(46,578)
Realized (gain) loss on sale of investments	(696,123)	139,801
Change in investments held in trust by others	(1,841,528)	15,873
Contribution - PPP	(576,506)	-
Changes in operating assets and liabilities		
Prepaid expenses and other assets	192,290	(39,588)
Contributions receivable	1,496,911	1,386,634
Other receivables	145,876	(51,133)
Accounts payable and accrued expenses	(1,027,098)	1,257,087
Agency program support payable	(643,929)	(956,176)
Donor designations payable	(1,186,906)	(254,633)
Grants payable	(318,198)	14,776
	<u>(2,575,753)</u>	<u>212,308</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Purchases of property and equipment, net	(70,296)	(64,759)
Proceeds from sales of investments	5,972,959	2,369,000
Purchases of investments	(5,392,140)	(2,224,939)
	<u>510,523</u>	<u>79,302</u>
Net cash provided by investing activities		
Cash flows from financing activities		
Refundable advance - PPP	724,252	576,506
	<u>724,252</u>	<u>576,506</u>
Net cash provided by financing activities		
Net (decrease) increase in cash and cash equivalents	(1,340,978)	868,116
Cash and cash equivalents, beginning	4,249,410	3,381,294
Cash and cash equivalents, end	<u>\$ 2,908,432</u>	<u>\$ 4,249,410</u>

See Notes to Financial Statements.

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

**Notes to Financial Statements  
June 30, 2021 and 2020**

**Note 1 - Organization and operation**

United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut ("United Way") is a separate, independent nonprofit organization, governed by a local volunteer board of directors. United Way has been addressing community conditions in 52 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 nonprofit 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 nonprofit management, governance, and financial accountability standards are upheld.

**Note 2 - New accounting pronouncement**

United Way adopted Accounting Standards Update 2018-13 (ASU 2018-13), *Fair Value Measurement (Topic 820)*. This accounting standard changes the disclosure requirements for fair value measurement. United Way adopted the provisions of ASU 2018-13 on July 1, 2020. There is no effect on net assets in connection with the implementation of ASU 2018-13.

**Note 3 - Summary of significant accounting policies**

**Basis of presentation**

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that may or will be met by actions of United Way and/or the passage of time and net assets subject to donor-imposed restrictions that they be maintained permanently by United Way. Generally, the donors of these assets permit United Way to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

Net assets without donor restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

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

**Notes to Financial Statements  
June 30, 2021 and 2020**

**Contributions**

Transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

**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 without restriction 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.

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

**Notes to Financial Statements  
June 30, 2021 and 2020**

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, 2021 and 2020 was \$1,145,000 and \$764,000, respectively. The actual withdrawal for the years ended June 30, 2021 and 2020 was \$1,000,000 and \$600,000, respectively. The volunteer-approved spending policy withdrawal for fiscal year 2022 is \$775,000.

**Campaign results**

Campaign results are generally calculated on gross amounts raised for all campaign efforts within the 52-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 \$2,500 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:

<u>Asset</u>	<u>Estimated useful lives</u>
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

**United Way, Inc. d/b/a  
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**Notes to Financial Statements  
June 30, 2021 and 2020**

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, 2021 and 2020. United Way's federal and state information returns prior to fiscal year 2018 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.

**Summarized comparative information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with United Way's financial statements for the year ended June 30, 2020, 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.

**United Way, Inc. d/b/a  
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**Notes to Financial Statements  
June 30, 2021 and 2020**

- 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.

**Reclassifications**

Certain prior year information has been reclassified to conform with the current year presentation.

**Subsequent events**

United Way has evaluated events and transactions for potential recognition or disclosure through November 12, 2021, which is the date the financial statements were available to be issued.

**Note 4 - Liquidity**

United Way regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2021 and 2020, United Way has the following financial assets available to meet annual operating needs for the 2022 and 2021 fiscal years as follows:

	2021	2020
Cash and cash equivalents	\$ 2,908,432	\$ 4,249,410
Investments	18,221,119	16,649,778
Investments held in trust by others	8,772,986	6,931,458
Contributions receivable, net	2,702,856	3,884,471
Other receivables	148,466	294,342
Financial assets, end of year	32,753,859	32,009,459
Less:		
Assets to be held in perpetuity	(1,241,820)	(1,241,820)
Assets of fiscal intermediary (WFS)	(168,648)	(190,673)
Assets held in trust by others	(8,772,986)	(6,931,458)
Board designated for Endowment	(16,979,299)	(15,407,958)
Financial assets available for general expenditure within one year	\$ 5,591,106	\$ 8,237,550

These financial assets are not subject to any donor or contractual restrictions. United Way supports its general operations primarily with campaign revenue, contributions and grants. To deal with unplanned cash requirements that might arise, United Way can draw on its line of credit.

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

**Notes to Financial Statements  
June 30, 2021 and 2020**

**Note 5 - 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, 2021 was approximately \$2,700,000.

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 6 - Contributions receivable and estimated allowance for uncollectible contributions**

Contributions receivable, which are expected to be collected within one year, and the estimated allowance for uncollectible contributions, as of June 30, 2021 and 2020, are as follows:

	2021	2020
Gross contributions receivable		
2018/19 Campaign	\$ -	\$ 20,217
2019/20 Campaign	47,446	4,544,131
2020/21 Campaign	3,019,991	-
Gross contributions receivable	3,067,437	4,564,348
Estimated allowance for uncollectible contributions		
2019/20 Campaign	-	679,877
2020/21 Campaign	364,581	-
Total estimated allowance for uncollectible contributions	364,581	679,877
Contributions receivable, net	\$ 2,702,856	\$ 3,884,471

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

The estimated allowance for uncollectible contributions 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.

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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 5% was established for the 2019 campaign. Actual pledge loss for this campaign, based upon payment information received by United Way inclusive of direct payments by others, was 2%. An initial reserve of 4% has been established for the 2020 campaign. For the 2016 through 2019 campaigns, the average rate of pledge loss was 4%.

**Note 7 - 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 2021 and 2020.



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Financial assets carried at fair value at June 30, 2021 are classified in the table below in one of the three categories described above:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds				
Short-term fixed income	\$ 6,972,324	\$ 6,972,324	\$ -	\$ -
Global fixed income	898,163	898,163	-	-
Alternative investments	1,897,132	1,897,132	-	-
U.S. equities	7,930,669	7,930,669	-	-
Exchange-traded funds	515,502	515,502	-	-
Money market fund	7,329	7,329	-	-
Investments held in trust by others	<u>8,772,986</u>	<u>-</u>	<u>-</u>	<u>8,772,986</u>
Total assets at fair value	<u>\$ 26,994,105</u>	<u>\$ 18,221,119</u>	<u>\$ -</u>	<u>\$ 8,772,986</u>

Financial assets carried at fair value at June 30, 2020 are classified in the table below in one of the three categories described above:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds				
Short-term fixed income	\$ 7,879,157	\$ 7,879,157	\$ -	\$ -
Global fixed income	2,185,248	2,185,248	-	-
Alternative investments	3,246,612	3,246,612	-	-
U.S. equities	3,332,361	3,332,361	-	-
Money market fund	6,400	6,400	-	-
Investments held in trust by others	<u>6,931,458</u>	<u>-</u>	<u>-</u>	<u>6,931,458</u>
Total assets at fair value	<u>\$ 23,581,236</u>	<u>\$ 16,649,778</u>	<u>\$ -</u>	<u>\$ 6,931,458</u>

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.

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Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2021:

	2021		
	Cost	Market	Unrealized gains (losses)
Mutual funds			
Short-term fixed income	\$ 6,921,832	\$ 6,972,324	\$ 50,492
Global fixed income	926,644	898,163	(28,481)
Alternative investments	1,418,073	1,897,132	479,059
U.S. equities	5,996,486	7,930,669	1,934,183
Exchange-traded funds	437,447	515,502	78,055
Money market fund	7,329	7,329	-
<b>Total</b>	<b>\$ 15,707,811</b>	<b>\$ 18,221,119</b>	<b>\$ 2,513,308</b>

Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2020:

	2020		
	Cost	Market	Unrealized gains (losses)
Mutual funds			
Short-term fixed income	\$ 7,815,718	\$ 7,879,157	\$ 63,439
Global fixed income	2,173,554	2,185,248	11,694
Alternative investments	3,138,696	3,246,612	107,916
U.S. equities	2,458,139	3,332,361	874,222
Money market fund	6,400	6,400	-
<b>Total</b>	<b>\$ 15,592,507</b>	<b>\$ 16,649,778</b>	<b>\$ 1,057,271</b>

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

	2021	2020
Without donor restrictions	\$ 16,979,299	\$ 15,407,958
With donor restrictions	1,241,820	1,241,820
<b>Total</b>	<b>\$ 18,221,119</b>	<b>\$ 16,649,778</b>

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

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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 8 - 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 net asset with donor restriction in the statement of financial position. The distributed income from these investments is recorded as nonoperating revenue when received, as there are no restrictions on the use of these funds. The fair value as of June 30, 2021 and 2020 was \$8,772,986 and \$6,931,458, respectively. The change in the carrying value of investments held in trust by others during the years ended June 30, 2021 and 2020 was an unrealized gain (loss) of \$1,841,528 and (\$15,873), respectively.

**Note 9 - Property and equipment**

At June 30, 2021 and 2020, the cost of property and equipment, less accumulated depreciation, is as follows:

	2021	2020
Building and land	\$ 3,294,503	\$ 3,272,504
Tenant improvements	176,901	170,801
Furniture, fixtures and equipment	152,276	152,276
Computer equipment and software	846,927	809,230
Office equipment	28,277	23,777
	4,498,884	4,428,588
Less accumulated depreciation	(3,734,032)	(3,571,838)
Total	\$ 764,852	\$ 856,750

**Note 10 - 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, 2021 and 2020.

**Note 11 - 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. *Community Investment* funded programs are monitored by trained volunteers who ensure that dollars are invested in programs to produce real results and that effective nonprofit management, governance and financial accountability standards are upheld.

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The total agency support expense for the year ended June 30, 2021 was \$5,200,000. An initial round of investments totaling \$2,981,000 was invested beginning July 1, 2021; the remaining \$2,219,000 will be invested during the period January through June 2022. The awards per program services are as follows as of June 30, 2021:

<u>Program service category</u>	<u>Amount</u>	<u>Percent</u>
Youth Success	\$ 1,575,000	30 %
Economic Mobility	653,000	13
Basic Needs	753,000	14
To be awarded January - June 2022	<u>2,219,000</u>	<u>43</u>
	<u>\$ 5,200,000</u>	<u>100 %</u>

The total agency support expense for the year ended June 30, 2020 was \$6,000,000. An additional \$397,500 was available from unused funds from previous year's awards due to agency closings or other circumstances. The awards per program services are as follows as of June 30, 2020.

<u>Program service category</u>	<u>Amount</u>	<u>Percent</u>
Ensuring Children are Successful	\$ 3,020,000	47 %
Family Financial Security	1,175,000	18
Basic Needs	1,630,500	26
Other investment (in development)	<u>572,000</u>	<u>9</u>
	<u>\$ 6,397,500</u>	<u>100 %</u>

**Note 12 - 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 contributions.

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**Note 13 - Grants payable**

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

	2021	2020
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.	\$ 1,163,850	\$ 1,163,962
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.	150,347	170,347
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.	192,702	578,269
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.	169,909	126,099
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.	170,658	159,694
Working Cities - funds available to support implementation of a cross-sector, collaborative partnership to increase employment among young adults in three Hartford neighborhoods: Frog Hollow, Barry Square and South Green.	94,743	24,212
North Hartford Triple Aim Collaborate is a multi-sector team focused on population health improvement. Residents and partner organizations from the business, nonprofit, healthcare and government sectors are working together to design a neighborhood-level health strategy.	73,684	94,654
Other/miscellaneous grant funding	93,770	110,624
Total grants payable	\$ 2,109,663	\$ 2,427,861

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**Note 14 - Net asset restrictions**

Certain net assets are restricted to time or purpose as follows:

	2021	2020
Net assets restricted in perpetuity: The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulations	\$ 10,014,806	\$ 8,173,278
Net assets restricted to time and purpose:		
Time restrictions	\$ 129,750	\$ 135,000
Assigned assets - regional service areas	73,218	73,218
Total	\$ 202,968	\$ 208,218

**Note 15 - 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 16 - Operating leases**

United Way leases certain equipment under noncancelable operating leases which expire at various times through September 2024. Monthly aggregate payments are \$5,023. United Way is responsible for maintenance, taxes and related insurance costs. Total rental expense under these leases was \$32,377 and \$47,229 during the years ended June 30, 2021 and 2020, respectively.

Future commitments under these leases in each of the years subsequent to June 30, 2021 are as follows:

2022	\$	20,911
2023		2,512
2024		1,620
2025		405
Total	\$	25,448

United Way leases portions of its administrative building to unrelated not-for-profit organizations. As of June 30, 2021, three leases were in effect which expire at various dates through December 2024. Rental income for the years ended June 30, 2021 and 2020 was \$89,141 and \$87,428, respectively.

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Future payments under these leases in each of the years subsequent to June 30, 2021 are as follows:

2022	\$	106,710
2023		79,596
2024		50,920
2025		<u>16,866</u>
Total	<u>\$</u>	<u>254,092</u>

**Note 17 - 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:

	<u>2021</u>	<u>2020</u>
Projected benefit obligation at June 30	\$ 4,732,346	\$ 5,175,237
Fair value of plan assets at June 30	<u>(3,219,613)</u>	<u>(3,369,474)</u>
Under funded status	<u>\$ 1,512,733</u>	<u>\$ 1,805,763</u>
Accrued benefit cost recognized in the statements of financial position	<u>\$ (1,512,733)</u>	<u>\$ (1,805,763)</u>
Weighted average assumptions as of June 30		
Discount rate for funded status	2.50%	2.25%
Discount rate for net periodic benefit cost	2.25%	3.25%
Expected return on plan assets	4.00%	4.00%
Rate of compensation increase	0.00%	0.00%
Post-retirement interest rate	4.25%	4.50%
Net periodic pension cost	\$ 75,094	\$ 59,370
Employer contribution	200,000	25,000
Benefits paid	89,855	159,938
Accumulated benefit obligation	4,732,346	5,175,237

The assumed long-term rate of return on assets is developed based on the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. This information is provided by the Plan's investment advisor.

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

2022	\$	193,000
2023		379,000
2024		186,000
2025		432,000
2026		122,000
2027-2031		745,000

The asset allocations by category as of June 30, 2021 and 2020 are as follows:

	2021	%	2020	%
Equity	\$ -	0%	\$ -	0%
Fixed income	-	-	-	-
Mutual funds	3,219,613	100	-	-
General account*	-	-	3,369,474	100
	\$ 3,219,613	100%	\$ 3,369,474	100%

\* 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.

Pension plan assets carried at fair value at June 30, 2021 are classified in the table below:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,219,631	\$ -	\$ -	\$ 3,219,631
Total	\$ 3,219,631	\$ -	\$ -	\$ 3,219,631



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Pension plan assets carried at fair value at June 30, 2020 are classified in the table below:

	Level 1	Level 2	Level 3	Total
Guaranteed income fund	\$ -	\$ -	\$ 3,369,474	\$ 3,369,474
Total	\$ -	\$ -	\$ 3,369,474	\$ 3,369,474

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 creditworthiness of the issuer (Level 3).

The net periodic pension cost and pension related changes other than net periodic pension cost are as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Interest cost	\$ 100,004	\$ 136,448
Expected return on plan assets	(104,212)	(116,198)
Amortization of net loss	79,302	39,120
Net periodic pension cost	\$ 75,094	\$ 59,370
Net loss (gain)	\$ (168,124)	\$ 657,708
Effect of settlement	(158,124)	-
Pension related changes other than net periodic pension cost	\$ (326,248)	\$ 657,708

A reconciliation of items not yet reflected in net periodic benefit cost and a component of without donor restrictions net assets is as follows for the years ended June 30, 2021 and 2020:

	June 30, 2020	Reclassified as net periodic benefit cost	Amounts arising during period	Effects of settlement	June 30, 2021
1. Transition obligation (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
2. Net prior service cost (credit)	-	-	-	-	-
3. Net loss	1,499,138	-	(168,124)	(158,124)	1,172,890
	\$ 1,499,138	\$ -	\$ (168,124)	\$ (158,124)	\$ 1,172,890
	June 30, 2019	Reclassified as net periodic benefit cost	Amounts arising during period	Effects of settlement	June 30, 2020
1. Transition obligation (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
2. Net prior service cost (credit)	-	-	-	-	-
3. Net loss	841,430	-	657,708	-	1,499,138
	\$ 841,430	\$ -	\$ 657,708	\$ -	\$ 1,499,138

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

	July 1, 2021	Estimated amounts to be reclassified as net periodic benefit cost in 2022
1. Transition obligation	\$ -	\$ -
2. Net prior service cost	-	-
3. Net loss	1,172,890	55,785

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, 2021, United Way expects to contribute \$200,000 to the Plan during fiscal year 2022. 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, 2021 and 2020 were \$123,815 and \$33,812, respectively.

**Note 18 - 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.

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As a result of this interpretation, United Way classifies as net assets with donor restrictions (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 net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions to time and purpose until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of United Way and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of United Way; and
7. The investment policies of United Way

Endowment net asset composition by type of fund as of June 30, 2021 were as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,241,820	\$ 1,241,820
Board-designated endowment funds	16,979,299	-	16,979,299
<b>Total funds</b>	<b>\$ 16,979,299</b>	<b>\$ 1,241,820</b>	<b>\$ 18,221,119</b>

Endowment net asset composition by type of fund as of June 30, 2020 were as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,241,820	\$ 1,241,820
Board-designated endowment funds	15,407,958	-	15,407,958
<b>Total funds</b>	<b>\$ 15,407,958</b>	<b>\$ 1,241,820</b>	<b>\$ 16,649,778</b>

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Changes in endowment net assets for the year ended June 30, 2021 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 15,407,958	\$ 1,241,820	\$ 16,649,778
Investment income	389,781	29,400	419,181
Net realized and unrealized appreciation	2,152,160	-	2,152,160
Amounts appropriated for expenditure	<u>(970,600)</u>	<u>(29,400)</u>	<u>(1,000,000)</u>
Endowment net assets, end of year	<u>\$ 16,979,299</u>	<u>\$ 1,241,820</u>	<u>\$ 18,221,119</u>

Changes in endowment net assets for the year ended June 30, 2020 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 15,645,242	\$ 1,241,820	\$ 16,887,062
Investment income	424,022	31,916	455,938
Net realized and unrealized depreciation	(93,222)	-	(93,222)
Amounts appropriated for expenditure	<u>(568,084)</u>	<u>(31,916)</u>	<u>(600,000)</u>
Endowment net assets, end of year	<u>\$ 15,407,958</u>	<u>\$ 1,241,820</u>	<u>\$ 16,649,778</u>

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, 2021 and 2020, there were no deficiencies of this nature.

**Note 19 - Paycheck Protection Program**

In April 2020, United Way received a loan in the amount of \$576,506 through their bank to cover eligible costs during a 24-week period. The loan was obtained through the Paycheck Protection Program ("PPP") and is guaranteed by the Small Business Administration. Subject to certain guidelines, some or all of the loan may be forgiven. Interest on the portion of the loan that is not forgiven is charged at 1% and will be paid in 18 monthly installments of \$32,282 beginning on November 15, 2020. However, the loan was forgiven on January 27, 2021 as the funds were used to cover eligible payroll and utility costs. The proceeds of the loan have been recognized on the statement of activities as a contribution.

On February 6, 2021, United Way received a loan for \$724,252 from Webster Bank through the Small Business Administration's Paycheck Protection Program, Second Draw, to cover payroll and utility costs. The loan bears interest at 1% and is to be paid in monthly installments beginning on July 1, 2022. However, per the loan agreement, the loan will be forgiven if the funds are used to cover eligible payroll and utility costs, which United Way fully anticipates. The proceeds of the loan are recognized as a refundable advance, based on Accounting Standards Codification 958-605, and are included in the United Way's statement of financial position.

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

**Notes to Financial Statements  
June 30, 2021 and 2020**

**Note 20 - Commitments and contingencies**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenues and other material adverse effects to the United Way's financial position, results of activities, and cash flows. United Way is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on United Way's operations continue for an extended period of time, United Way may have to seek alternative measures to finance its operations.

**Note 21 - Subsequent event**

On August 5, 2021, the loan for \$724,252 from Webster Bank through the Small Business Administration's Paycheck Protection Program, Second Draw, was fully forgiven and will be included in contribution revenue during fiscal year 2022.



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