

**UNITED WAY of GREATER NEW HAVEN, INC.**  
**Financial Statements**  
**June 30, 2017 and 2016**

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UNITED WAY of GREATER NEW HAVEN, INC.  
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June 30, 2017 and 2016

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# SEWARD AND MONDE

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Greater New Haven, Inc.  
New Haven, Connecticut

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of United Way of Greater New Haven, Inc. which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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 U.S. generally accepted accounting principles; 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater New Haven, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

*Seward and Monde*

North Haven, Connecticut  
October 12, 2017

UNITED WAY of GREATER NEW HAVEN, INC.  
 STATEMENTS of FINANCIAL POSITION  
 June 30, 2017 and 2016

	2017	2016
<b>A S S E T S</b>		
Cash and cash equivalents (including permanently restricted cash of \$50,664)	\$ 462,491	\$ 374,861
Campaign pledges receivable, less allowance for uncollectibles of \$149,225 in 2017 and \$156,352 in 2016	1,153,689	1,287,597
Accounts and other receivables	426,013	637,984
Other assets	41,966	60,829
Long-term investments	1,230,336	1,273,964
Property and equipment, at cost less accumulated depreciation	76,239	85,117
Total assets	\$ 3,390,734	\$ 3,720,352
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 187,661	\$ 130,318
Line of credit	199,913	325,000
Community investment and grants payable	893,211	1,138,131
Donor directed gifts payable	554,571	495,301
Accrued expenses and other liabilities	709,269	1,000,640
Total liabilities	2,544,625	3,089,390
Net assets:		
Unrestricted	277,295	146,140
Temporarily restricted	518,150	434,158
Permanently restricted	50,664	50,664
Total net assets	846,109	630,962
Total liabilities and net assets	\$ 3,390,734	\$ 3,720,352

See notes to financial statements.

UNITED WAY OF GREATER NEW HAVEN, INC.  
STATEMENTS OF ACTIVITIES  
Years ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Amounts Raised and Public Support Received Directly:								
Public support	\$ 3,637,626	\$ 383,615	\$ -	\$ 4,021,241	\$ 3,835,482	\$ 14,811	\$ -	\$ 3,850,293
Less:								
Allowance for uncollectible pledges receivable	( 151,342)	-	-	( 151,342)	( 160,205)	-	-	( 160,205)
Donor directed gifts	( 1,411,087)	-	-	( 1,411,087)	( 1,518,653)	-	-	( 1,518,653)
Total direct campaign support	2,075,197	383,615	-	2,458,812	2,156,624	14,811	-	2,171,435
Gifts, bequests, grants and other	1,340,081	36,005	-	1,376,086	1,628,794	72,684	-	1,701,478
Federal early head start grant	1,940,697	-	-	1,940,697	1,478,792	-	-	1,478,792
Present value adjustment of split interest agreement	-	595	-	595	-	613	-	613
Total public support received directly	5,355,975	420,215	-	5,776,190	5,264,210	88,108	-	5,352,318
Net assets released from restrictions	336,223	( 336,223)	-	-	393,022	( 393,022)	-	-
Total direct support	5,692,198	83,992	-	5,776,190	5,657,232	( 304,914)	-	5,352,318
Public Support Received Indirectly, Revenues, Gains and Other Support:								
Investment return	147,378	-	-	147,378	( 6,128)	-	-	( 6,128)
Administrative fees on donor directed gifts	51,397	-	-	51,397	52,675	-	-	52,675
Special events and sponsorships	50,539	-	-	50,539	44,897	-	-	44,897
Miscellaneous income	17,878	-	-	17,878	1,003	-	-	1,003
Total public support received indirectly, revenues, gains and other support	267,192	-	-	267,192	92,447	-	-	92,447
Total public support, revenues, gains and other support	5,959,390	83,992	-	6,043,382	5,749,679	( 304,914)	-	5,444,765
Expenses:								
Community Impact:								
Grants:								
Annual community investment	2,952,359	-	-	2,952,359	3,178,506	-	-	3,178,506
Donor directed gifts	( 1,411,087)	-	-	( 1,411,087)	( 1,518,653)	-	-	( 1,518,653)
Program services	3,009,129	-	-	3,009,129	2,547,746	-	-	2,547,746
Total community impact	4,550,401	-	-	4,550,401	4,207,599	-	-	4,207,599
Support Services:								
Fundraising	766,521	-	-	766,521	648,773	-	-	648,773
Management and general	706,151	-	-	706,151	788,320	-	-	788,320
Dues and support to United Way Worldwide	64,271	-	-	64,271	54,010	-	-	54,010
Total support services	1,536,943	-	-	1,536,943	1,491,103	-	-	1,491,103
Total community impact and support services	6,087,344	-	-	6,087,344	5,698,702	-	-	5,698,702
Change in net assets	( 127,954)	83,992	-	( 43,962)	50,977	( 304,914)	-	( 253,937)
Pension and postretirement benefit change	259,109	-	-	259,109	( 198,623)	-	-	( 198,623)
Net assets, beginning	146,140	434,158	50,664	630,962	293,786	739,072	50,664	1,083,522
Net assets, ending	\$ 277,295	\$ 518,150	\$ 50,664	\$ 846,109	\$ 146,140	\$ 434,158	\$ 50,664	\$ 630,962

See notes to financial statements.

UNITED WAY of GREATER NEW HAVEN, INC.  
STATEMENTS of CASH FLOWS  
Years ended June 30, 2017 and 2016

	2017	2016
Cash flows - operating activities:		
Change in net assets	(\$ 43,962)	(\$ 253,937)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized/unrealized (gain) loss on long-term investments	( 126,642)	37,123
Allowance for uncollectible pledges receivable	151,342	160,205
Depreciation	14,148	18,210
Decrease (increase) in assets:		
Campaign pledges receivable	( 17,434)	136,763
Accounts and other receivables	211,971	( 384,245)
Beneficial interest in assets held by others	-	262,631
Other assets	18,863	( 4,761)
Increase (decrease) in liabilities:		
Accounts payable	( 70,585)	445,363
Community investment and grants payable	( 116,992)	( 42,845)
Donor directed gifts payable	59,270	( 598,347)
Accrued expenses and other liabilities	( 32,262)	1,360
Net cash provided (used) by operating activities	47,717	( 222,480)
Cash flows - investing activities:		
Purchases of property and equipment	( 5,270)	( 8,307)
Purchases of long-term investments	( 339,736)	( 31,311)
Proceeds from sales of long-term investments	510,006	-
Net cash provided (used) by investing activities	165,000	( 39,618)
Cash flows - financing activities:		
Net repayments on line of credit	( 125,087)	( 25,000)
Net cash used by financing activities	( 125,087)	( 25,000)
Net change in cash and cash equivalents	87,630	( 287,098)
Cash and cash equivalents, beginning	374,861	661,959
Cash and cash equivalents, ending	\$ 462,491	\$ 374,861
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 6,056	\$ 9,679

See notes to financial statements.

UNITED WAY of GREATER NEW HAVEN, INC.  
STATEMENTS of FUNCTIONAL EXPENSES  
Years ended June 30, 2017 and 2016

	2017			2017			
	Program Services			Support Services			
	Community Impact	Federal Early Head Start Grant (DHHS)	Total Program Services	Fund- Raising	Management and General	Dues and Support to United Way Worldwide	Grand Total
Salaries and wages	\$ 553,696	\$ 115,509	\$ 669,205	\$ 470,503	\$ 430,818	\$ -	\$ 1,570,526
Employee benefits	119,146	12,070	131,216	83,969	78,257	-	293,442
Payroll taxes	40,928	8,732	49,660	31,817	65,527	-	147,004
Supplies	8,313	8,196	16,509	4,020	7,690	-	28,219
Telephone	16,628	2,538	19,166	11,188	6,352	-	36,706
Postage	4,498	932	5,430	6,630	2,668	-	14,728
Occupancy	96,817	18,196	115,013	36,284	37,119	-	188,416
Equipment rental and maintenance	20,209	4,366	24,575	18,125	26,585	-	69,285
Printing and publications	68,879	401	69,280	25,302	597	-	95,179
Travel	2,941	734	3,675	3,625	249	-	7,549
Conferences and meetings	16,065	15,427	31,492	6,088	13,750	-	51,330
Depreciation	5,408	1,112	6,520	4,111	3,517	-	14,148
Professional fees	90,852	31,202	122,054	61,113	32,010	-	215,177
Awards	546	-	546	-	700	-	1,246
Membership dues	484	3,415	3,899	3,746	312	64,271	72,228
Partner expenses	-	1,740,889	1,740,889	-	-	-	1,740,889
<b>Total expenses</b>	<b>\$ 1,045,410</b>	<b>\$ 1,963,719</b>	<b>\$ 3,009,129</b>	<b>\$ 766,521</b>	<b>\$ 706,151</b>	<b>\$ 64,271</b>	<b>\$ 4,546,072</b>
	2016						
	Program Services			Support Services			
	Community Impact	Federal Early Head Start Grant (DHHS)	Total Program Services	Fund- Raising	Management and General	Dues and Support to United Way Worldwide	Grand Total
Salaries and wages	\$ 567,827	\$ 109,111	\$ 676,938	\$ 357,479	\$ 480,861	\$ -	\$ 1,515,278
Employee benefits	101,640	8,702	110,342	54,582	75,508	-	240,432
Payroll taxes	44,039	7,956	51,995	24,695	65,711	-	142,401
Supplies	4,929	22,223	27,152	4,128	6,890	-	38,170
Telephone	18,855	2,566	21,421	9,958	8,049	-	39,428
Postage	3,905	641	4,546	6,650	2,929	-	14,125
Occupancy	89,622	10,153	99,775	34,341	52,309	-	186,425
Equipment rental and maintenance	19,597	3,371	22,968	13,984	29,099	-	66,051
Printing and publications	98,466	221	98,687	53,962	9,411	-	162,060
Travel	3,695	893	4,588	5,330	1,352	-	11,270
Conferences and meetings	33,330	5,398	38,728	18,565	7,545	-	64,838
Depreciation	7,304	1,329	8,633	4,157	5,420	-	18,210
Professional fees	40,274	14,556	54,830	55,003	41,273	-	151,106
Awards	2,068	-	2,068	402	-	-	2,470
Membership dues	1,198	940	2,138	5,537	1,963	54,010	63,648
Partner expenses	-	1,322,937	1,322,937	-	-	-	1,322,937
<b>Total expenses</b>	<b>\$ 1,036,749</b>	<b>\$ 1,510,997</b>	<b>\$ 2,547,746</b>	<b>\$ 648,773</b>	<b>\$ 788,320</b>	<b>\$ 54,010</b>	<b>\$ 4,038,849</b>

See notes to financial statements.



UNITED WAY of GREATER NEW HAVEN, INC.  
NOTES to FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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1 - Nature of Activities

United Way of Greater New Haven (United Way) is a not-for-profit organization incorporated in 1971 in the State of Connecticut and governed by a volunteer board of directors. The mission of United Way is to bring people and organizations together to create solutions to Greater New Haven's most pressing challenges in the areas of Education, Health, and Financial Stability. We tackle issues that cannot be solved by any one group working alone.

Our Community Change goals:

- All children enter school well-prepared
- Everyone thrives financially
- People have access to healthy, nutritious food
- All students succeed in school and are ready for college and career
- Everyone is physically and mentally healthy
- Everyone has a safe, supportive place to call home
- All parents learn how to nurture healthy relationships with their children

Over this past year, thanks to United Way's work:

- **More young children across our region have benefitted from nurturing parenting and high-quality early learning and care.** United Way champions Secure Start, a Success By 6 initiative that provides classes to help parents, caregivers and child care providers create strong, healthy relationships with young children. Over the last two years, Secure Start has served 242 children and 274 parents and caregivers. An independent evaluation of the initiative shows that parents who participate have increased satisfaction with parenting and fewer depressive symptoms. This complements another Success By 6 priority to provide children with high-quality early care and education. In support of this goal, United Way manages an Early Head Start program through a grant funded by the U.S. Department of Health and Human Services that provides eighty-eight infant and toddlers and their families a full-day, full-year child care and comprehensive services through partnership with five providers across our region.
- **More kids are doing better in school and life.** The statistic is startling: 90% of New Haven students have been exposed to trauma. Research shows that exposure to trauma can have long term effects - developmental delays, neurological damage, and chronic diseases - and that we can take actions to protect children and build resiliency. United Way and community partners launched the New Haven Trauma Coalition to provide a versatile approach within schools that includes yoga, meditation, and dancing, as well as clinical workers. This focus on prevention helps children avoid bigger issues down the road. Through United Way's work in the New Haven Trauma Coalition we have served 2,527 students this past school year in 29 programs across 8 schools.

- **More people who were homeless are now in stable, safe housing.** United Way is proud of Neighbor to Neighbor, our effort to fight hunger and homelessness that has served over 1.5 million meals and has provided emergency shelter to over 4,500 households. Supporting homeless shelters and soup kitchens is valuable and necessary, but it won't end homelessness for the most vulnerable. Permanently housing the chronically homeless is the right thing to do and it saves taxpayers' money. That's why United Way has led a regional collaborative in a campaign to end chronic homelessness by the end of 2017. To reach this ambitious goal we worked with partners to create a new system that served 1,968 homeless households this year with transformational results: 286 people went from homeless to housed, reaching our goal of finding housing for every known chronically homeless person in Greater New Haven. A first in the nation, we are now working to end family and youth homelessness by 2020. Our collaborative efforts this year supported 37% of the families at the door of shelters to remain housed and not enter homelessness.

In addition to executing on our Community Change goals, United Way generates, manages, and distributes significant financial resources for the region. United Way raises financial resources year round through workplace-based and community campaigns, as well as through government and foundation grants. Funds raised support local programs and projects that can demonstrate measurable results for the community. United Way's fundraising activities rely on a significant effort by community volunteers. Fundraising costs are expensed in the period incurred regardless of when related campaign contributions are recorded as earned.

More information about United Way's results for our community can be found at [www.uwgnh.org](http://www.uwgnh.org).

United Way of Greater New Haven is a member of United Way Worldwide (UWW). UWW is a national leadership organization for the United Way movement. Membership in UWW constitutes an affiliate relationship under the IRS definition of Federated Fundraising Agencies. The payment reported is a quota support payment to UWW for which this United Way receives among other services, the right to use the national brand in charitable endeavors, national advocacy of issues, member education and training, centralized creation and support for marketing of fundraising campaigns, fostering relationships with national organizations that support multiple members, establishment and monitoring of compliance with standards of accountability by members, establishment of policies and processes that improve operational efficiencies among members, and promotion of concept of local community impact on a national scale.

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

## 2 - Summary of Significant Accounting Policies

### Annual Campaigns

United Way drives measurable, lasting local impact that none of us can achieve alone. United Way listens and learns to identify gaps, develops community solutions, activates donors and volunteers, and serves our neighbors in need. We've been a presence in greater New Haven for almost 100 years.

United Way fundraising campaigns are conducted throughout the year to raise money and support for our community investment in health, education, and financial stability programs.

Pledges receivable are reported in the statement of financial position and allowances are provided for amounts estimated to be uncollectible.

United Way receives a majority of its contributions in the greater New Haven region, and serves this region as well. This 12-town greater New Haven region includes: Bethany, Branford, East Haven, Guilford, Hamden, Madison, New Haven, North Branford, North Haven, Orange, West Haven and Woodbridge.

The success of each year's campaign is dependent not only on the goodwill of this community; it is also influenced by the economic climate affecting major businesses and employee groups, among other factors.

### Basis of Accounting

United Way prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

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

#### Unrestricted net assets

Unrestricted net assets are not subject to donor-imposed stipulations. 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.

#### Temporarily restricted net assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### Permanently restricted net assets

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by United Way.

### Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

In particular, allowances for uncollectible pledges receivable have been computed based on historical averages applied to gross campaign collection patterns and management estimates of current economic factors, and actual collections may vary significantly from the assumptions and estimates used.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at market value in the statement of financial position.

Gains and losses on dispositions are accounted for on an average cost basis. Net realized and unrealized gains and losses are included in the statement of activities.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

### Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time.

## Endowment Investment and Spending Policies

United Way's endowment consists of several individual donor-restricted endowment funds established for a variety of purposes.

The Board of Directors has interpreted the State of Connecticut's 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 United Way in a manner consistent with the standard of prudence prescribed by the 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 the organization; and
7. The investment policies of United Way.

United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that United Way must hold in perpetuity.

To satisfy its long-term rate-of-return 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 diversified asset allocation that generally targets an even balance between equity and fixed income based investments to achieve its long-term return objectives within prudent risk constraints.

Under United Way's spending rate policy, actual income received (interest) is deemed to be prudently expendable to support current operations. In establishing this policy, United Way considered the long-term expected return on its endowment.

## Civic Engagement

United Way is committed to volunteerism and civic engagement and has facilitated thousands of volunteer hours in the community. Volunteer coordination efforts include: the annual Days of Caring, which engage volunteers throughout the region to support local agencies, schools,

community centers, and other organizations that serve people. The web-based Volunteer Link program has connected over 1,200 individuals to local nonprofit agencies. In addition, United Way connects over 1,500 individuals yearly through customized corporate and citizen volunteer programs. These services do not meet the criteria for recording as contributions under U.S. generally accepted accounting principles as they do not require specialized skills.

Donated materials and property and equipment collected through United Way's civic engagement activities are recorded at their estimated fair values at the date of donation.

#### Functional Expense Allocation

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

#### Income taxes

United Way is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. However, income from certain activities not directly related to United Way's tax-exempt purpose would be subject to taxation as unrelated business income. As of June 30, 2017, United Way believes it did not engage in any unrelated business activities and therefore does not have any uncertain tax positions. It is United Way's policy to recognize interest and penalties, if any, in the provision for taxes.

United Way's income tax returns for fiscal years ended June 30, 2014, 2015, 2016, and 2017 are subject to examination by federal and state authorities, generally for three years after they were filed.

#### Subsequent Events

Management has evaluated subsequent events through October 12, 2017, the date the financial statements were available to be issued.

#### Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

### 3 - Pledges Receivable and Allowance for Uncollectibles

Details of pledges receivable and the allowance for uncollectibles at June 30, 2017 are as follows:

<u>Campaign Conducted</u>	<u>Campaign Allocation Year</u>	<u>Balance of Pledges Receivable</u>	<u>Allowance for Uncollectible Pledges</u>	<u>Net Pledges Receivable</u>
Fall 2017	2018	\$ 624	\$ -	\$ 624
Fall 2016	2017	1,297,136	149,225	1,147,911
Fall 2015	2016	5,154		5,154
		<u>\$ 1,302,914</u>	<u>\$ 149,225</u>	<u>\$ 1,153,689</u>

Details of pledges receivable and the allowance for uncollectibles at June 30, 2016 are as follows:

<u>Campaign Conducted</u>	<u>Campaign Allocation Year</u>	<u>Balance of Pledges Receivable</u>	<u>Allowance for Uncollectible Pledges</u>	<u>Net Pledges Receivable</u>
Fall 2016	2017	\$ 242,000	\$ -	\$ 242,000
Fall 2015	2016	1,200,436	156,352	1,044,084
Fall 2014	2015	1,513	-	1,513
		<u>\$ 1,443,949</u>	<u>\$ 156,352</u>	<u>\$ 1,287,597</u>

### 4 - Donor Directed Gifts

Through United Way's Community Campaign, donors can direct their gifts to any qualified 501(c)(3) organization in our region that has been approved to receive designations through the United Way campaign. Generally, a 13% fee (including administrative and fundraising costs) per designated gift is deducted from donor directed gifts.

Membership in UWW requires that local United Ways charge donors no more than the actual cost incurred to process and transfer their designated gifts. The formulas utilized to determine fundraising and administrative costs are based upon a current, 3-year average of information taken from IRS Form 990. The three-year averages, from tax filings through fiscal 2017, were 19.92% for fundraising and administrative costs. United Ways are permitted to charge less than this amount, so long as the amount of undesignated dollars used to subsidize this policy, if applicable, is knowingly undertaken by the local United Way's board.

In some cases, fundraising and administrative costs vary per campaign and by agreement with Federations. For donor directed gifts received from other United Way campaigns, no additional fees are deducted.

Expenses incurred for the processing of these donor directed gifts include, but are not limited to, the verification of 501(c)(3) status of designated agencies, internal review and analysis of agency materials submitted to apply to receive donor directed gifts, maintenance of an agency database, recording of individual donor directed gift data, the compilation of donor directed gift information in reports, and notification of payments to be forwarded to recipient agencies. Donor directed gift expenses (the costs incurred in processing/transferring donor directed gifts) are similar to pledge processing and administrative costs, and therefore do not qualify and are not reported as community investment and program services.

Donor directed gifts of \$1,411,087 and \$1,518,653 at June 30, 2017 and 2016, respectively, are shown as a reduction in the amount reported as campaign amounts raised and community impact expenses in the statement of activities.

### 5 - Other Assets

Details of other assets at June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Charitable remainder unitrust	\$ 34,813	\$ 34,218
Prepaid expenses	<u>7,153</u>	<u>26,611</u>
	<u>\$ 41,966</u>	<u>\$ 60,829</u>

United Way is a 10% beneficiary of a charitable remainder unitrust (CRUT). On an annual basis, United Way revalues its interest in the CRUT based on actuarial assumptions. The present value of United Way's interest in the CRUT is calculated using a discount rate of 8.00% and applicable mortality tables. The present value of United Way's 10% interest in the CRUT was \$34,813 and \$34,218 at June 30, 2017 and 2016, respectively, and is a temporarily restricted net asset.

### 6 - Long -Term Investments

Long-term investments at June 30 are summarized as follows:

	<u>2017</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Mutual Funds	<u>\$ 1,008,940</u>	<u>\$ 1,230,336</u>	<u>\$ 221,396</u>
	<u>2016</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Mutual Funds	<u>\$ 1,135,155</u>	<u>\$ 1,273,964</u>	<u>\$ 138,809</u>



The components of investment return for the year ended June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Income on investments, net of fees of \$8,146 and \$8,150 in 2017 and 2016, respectively	\$ 20,693	\$ 30,865
Realized gains	44,055	6
Unrealized gains (losses)	82,587	( 37,129)
Interest on cash equivalents	<u>43</u>	<u>130</u>
	<u>\$ 147,378</u>	<u>(\$ 6,128)</u>

### 7 - Fair Value Measurements

United Way utilizes the market approach as the valuation technique to measure fair value of its financial investments. U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels. The following is derived from information provided by reports received from Key Bank and the Community Foundation of Greater New Haven:

Level 1 - Observable inputs from quoted market prices for identical assets or liabilities to which independent access at the measurement date is available.

Level 2 - Observable inputs other than from direct quoted market prices or indices for the asset or liability, either directly or indirectly, or can be corroborated by observable inputs and market data, with the ability to redeem the asset in the near term subsequent to the measurement date.

Level 3 - Prices, which may be based on an underlying quoted market prices, observable input and/or market data contained in Level 1 and Level 2, which also requires significant judgment on observable inputs by the investee as to the net asset value per share or unit of The Community Foundation's ownership interest in the partners' capital, and where redemption would be available in a period of more than 90 days from the measurement date. Valuation methodologies by the fund include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third-party appraisals, third-party pricing services and other applicable indices where:

Observable inputs reflect the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and from independent sources that are actively involved in the relevant markets, and include assumptions made in pricing and valuations of the asset or liability that are developed from independent sources.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis at June 30 are as follows:

2017				
Description	Total Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Domestic equity	\$ 627,121	\$ 627,121	\$ -	\$ -
Fixed income	338,520	338,520	-	-
International	183,387	183,387	-	-
Alternatives	81,308	81,308	-	-
Beneficial interest - charitable remainder unitrust	<u>34,813</u>	<u>-</u>	<u>-</u>	<u>34,813</u>
	<u>\$ 1,265,149</u>	<u>\$ 1,230,336</u>	<u>\$ -</u>	<u>\$ 34,813</u>
2016				
Description	Total Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Domestic equity	\$ 715,445	\$ 715,445	\$ -	\$ -
Fixed income	335,712	335,712	-	-
International	140,175	140,175	-	-
Alternatives	82,632	82,632	-	-
Beneficial interest - charitable remainder unitrust	<u>34,218</u>	<u>-</u>	<u>-</u>	<u>34,218</u>
	<u>\$ 1,308,182</u>	<u>\$ 1,273,964</u>	<u>\$ -</u>	<u>\$ 34,218</u>

Fair value for the beneficial interest - charitable remainder unitrust is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and an 8.0% discount rate.

Changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	<u>Beneficial interest - assets held by others</u>	<u>Beneficial interest - charitable remainder unitrust</u>
July 1, 2015	\$ 87,868	\$ 33,605
Change in value	<u>( 87,868)</u>	<u>613</u>
June 30, 2016	-	34,218
Change in value	<u>-</u>	<u>595</u>
June 30, 2017	<u>\$ -</u>	<u>\$ 34,813</u>

United Way's policy is to recognize transfers in and transfers out of each level as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between each level during the years ended June 30, 2017 and 2016.

#### 8 - Property and Equipment

Details of property and equipment at June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 364,982	\$ 362,315
Furniture and fixtures	<u>137,463</u>	<u>134,860</u>
	502,445	497,175
Less, accumulated depreciation	<u>426,206</u>	<u>412,058</u>
	<u>\$ 76,239</u>	<u>\$ 85,117</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$14,148 and \$18,210, respectively.

#### 9 - Line of Credit

United Way has a \$100,000 line of credit which was unused at June 30, 2017 and 2016. Bank advances on the credit line are payable on demand and carry an interest rate of 1.25% above the bank's prime rate. The credit line is secured by all equipment, inventory, and receivables now owned or acquired by United Way.

United Way has a second, \$800,000 line of credit available for its use with an interest rate of 3.18% and 2.45% at June 30, 2017 and 2016, respectively. Borrowings were \$199,913 and \$325,000 at June 30, 2017 and 2016, respectively, and were secured by a portion of United Way's cash equivalents and investments.

#### 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Time restricted - fall campaigns	\$ 383,615	\$ 243,050
Split - interest agreement	34,813	34,218
Time restricted - other programs	<u>99,722</u>	<u>156,890</u>
	<u>\$ 518,150</u>	<u>\$ 434,158</u>

#### 11 - Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2017</u>	<u>2016</u>
General operations	\$ 45,064	\$ 45,064
Mittens, gloves and hats for underprivileged children	<u>5,600</u>	<u>5,600</u>
	<u>\$ 50,664</u>	<u>\$ 50,664</u>

Changes in endowment net assets for the year ended June 30, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2015	\$ -	\$ -	\$ 50,664	\$ 50,664
Investment return:				
Investment income	-	13	-	13
Total investment return	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>( 13)</u>	<u>-</u>	<u>( 13)</u>
Endowment net assets, June 30, 2016	<u>-</u>	<u>-</u>	<u>50,664</u>	<u>50,664</u>
Investment return:				
Investment income	-	5	-	5
Total investment return	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>( 5)</u>	<u>-</u>	<u>( 5)</u>
Endowment net assets, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,664</u>	<u>\$ 50,664</u>

## 12 - Net Assets Released from Restrictions

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows at June 30:

	<u>2017</u>	<u>2016</u>
Time restricted - fall campaigns	\$ 243,050	\$ 220,000
Time restricted - other programs	93,173	54,234
Time restricted - education programs	<u>-</u>	<u>118,788</u>
Total	<u>\$ 336,223</u>	<u>\$ 393,022</u>

## 13 - Pension Plans

### Defined Benefit Plan

United Way maintains a non-contributory defined benefit retirement plan for all eligible employees. United Way froze the plan as of June 1, 2005, resulting in a pension plan curtailment gain that was recognized in accordance with U.S. generally accepted accounting principles. The plan was funded at a level to allow for the purchase of an annuity on behalf of the employee at the date of retirement to provide expected future benefits. The plan has

changed to direct payments from the fund rather than the prior practice of purchasing annuities. United Way uses a June 30 measurement date for its pension plan.

The following table summarizes the accumulated pension benefit obligation, the fair value of assets and the funded status of the plan at June 30:

	<u>2017</u>	<u>2016</u>
Accumulated pension benefit obligation	\$ 2,731,215	\$ 2,851,853
Fair value of plan assets	<u>2,105,109</u>	<u>1,937,015</u>
Funded status	<u>(\$ 626,106)</u>	<u>(\$ 914,838)</u>
Liability for pension benefits (included in accrued expenses and other liabilities)	<u>\$ 626,106</u>	<u>\$ 914,838</u>

The following table summarizes the amounts of contributions and benefits paid from the plan for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Pension benefit cost	\$ 69,086	\$ 45,451
Employer contribution	90,000	30,000
Benefits paid	126,346	120,453

The following summarizes the amounts in unrestricted net assets not yet recognized as components of net periodic benefit cost for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Transitional obligation	\$ -	\$ -
Prior service cost	-	-
Unrecognized net loss	<u>650,513</u>	<u>918,331</u>
Total recognized in unrestricted net assets	<u>\$ 650,513</u>	<u>\$ 918,331</u>

The following summarizes the amounts in unrestricted net assets expected to be recognized in net periodic benefit cost for the year ended June 30, 2018:

Amortization of transitional obligation	\$ -
Amortization of prior service cost	-
Amortization of unrecognized net loss	<u>50,999</u>
Total estimated amortizations from unrestricted net assets to net periodic benefit cost	<u>\$ 50,999</u>

The assumptions used in the measurement of United Way's pension benefit obligation and net periodic benefit cost at June 30 are shown in the following table:

	2017		2016	
	<u>Obligation</u>	<u>Cost</u>	<u>Obligation</u>	<u>Cost</u>
Weighted-average assumptions:				
Discount rate	3.5%	3.5%	4.1%	4.1%
Expected long-term rate of return on plan assets	6.5%	6.5%	6.5%	6.5%
Rate of compensation increase	N/A	N/A	N/A	N/A

The Expected Long-Term Rate of Return on Plan Assets assumption of 6.5% was selected for 2017 in accordance with the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection Economic Assumptions for Measuring Pension Obligations. Based on investment policy for the pension plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on historical 30 year period rolling averages. An average inflation rate within the range equal to 3.0% was selected and added to the real rate of return range to arrive at a best estimate range of 6.41% - 9.02%. A rate of 6.50% which is within the best estimate range was selected.

The Expected Long-Term Rate of Return on Plan Assets assumption of 6.5% was selected for 2016 in accordance with the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection Economic Assumptions for Measuring Pension Obligations. Based on investment policy for the pension plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on historical 30 year period rolling averages. An average inflation rate within the range equal to 3.0% was selected and added to the real rate of return range to arrive at a best estimate range of 6.48% - 9.13%. A rate of 6.50% which is within the best estimate range was selected.

United Way's pension plan asset allocations at June 30 by asset category are as follows:

	<u>2017</u>	<u>2016</u>
Equity securities	63.8%	61.4%
Fixed income securities	23.6%	26.6%
Cash and cash equivalents	<u>12.6%</u>	<u>12.0%</u>
	<u>100.0%</u>	<u>100.0%</u>

The investment objective for Plan assets of United Way of Greater New Haven is to achieve an average annual rate of return over a three-to-five year period which exceeds the average annual rate of return that would have been achieved in the same period by a composite market index. The Plan assets shall be managed with a long-term asset mix guideline of 60% equity alternatives and 40% fixed income alternatives, including the General Account (cash and cash equivalents).

The overall investment philosophy shall be to manage Plan assets in a prudent, conservative yet productive manner. Fiduciaries with any discretionary authority to manage Plan assets shall seek to increase the value of Plan assets, while recognizing the need to preserve asset value in order to enhance the ability of the Plan to meet its obligations to Plan participants and their beneficiaries when due. Preservation of capital is of prime importance and within the stated investment objectives for the Plan's assets. Risks, including excessive volatility in the value of Plan assets, are minimized.

The fair values of United Way's pension plan assets by asset category at June 30 are as follows:

2017				
Description	Total Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 265,679	\$ 265,679	\$ -	\$ -
Fixed income	496,404	-	496,404	-
Common stocks	<u>1,343,026</u>	<u>1,343,026</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,105,109</u>	<u>\$ 1,608,705</u>	<u>\$ 496,404</u>	<u>\$ -</u>
2016				
Description	Total Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 231,947	\$ 231,947	\$ -	\$ -
Fixed income	516,140	-	516,140	-
Common stocks	<u>1,188,928</u>	<u>1,188,928</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,937,015</u>	<u>\$ 1,420,875</u>	<u>\$ 516,140</u>	<u>\$ -</u>

United Way expects to contribute \$60,000 to its pension plan in the year ending June 30, 2018.



The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30:

2018	\$ 142,000
2019	144,000
2020	148,000
2021	150,000
2022	151,000
2023-2027	784,000

#### Defined Contribution Plan

United Way established a Section 403(b) retirement plan as of July 1, 2005 covering all eligible employees with one year of service and having attained age 21, whereby the Organization contributes into the plan a matching contribution equal to 50% of an employees' salary reduction up to 3% of the employees' annual compensation. Eligible employees' may elect to defer a portion of their salary into the plan. The maximum deferral is the annual limit established by statute. Employee salary deferrals are fully vested. Participants become 100% vested in the matching contribution immediately upon their entry date. Participants who are employed as of July 1, 2005 are eligible for matching contributions in the first plan year. There is also a provision for additional employer discretionary contributions. Employer discretionary contributions are 100% vested after 3 years of service. Participants who are employed as of July 1, 2005 are immediately 100% vested in employer discretionary contributions. The pension expense for this plan was \$64,768 and \$68,958 for the years ended June 30, 2017 and 2016, respectively.

#### 14 - Postretirement Benefits Other Than Pensions

United Way provides a postretirement benefit plan consisting of Medicare supplement health insurance coverage and payment for unused sick leave. This plan covers certain employees retiring from United Way on or after attaining age 65 for medical and 62 for sick leave and who have rendered 20 years of service. New employees hired after August 1, 1995 are not eligible to participate in this plan. United Way eliminated the sick leave benefit for all eligible employees as of June 30, 2015, resulting in a postretirement benefit plan curtailment gain that was recognized in accordance with U.S. generally accepted accounting principles. Special coverage is also provided under the plan if certain conditions are met. The expected cost of these postretirement benefits is charged to expense during the years that the employees render service. United Way does not fund this plan. United Way uses a June 30 measurement date for its postretirement plan.

Information of the plan at June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Accumulated postretirement benefit obligation (included in accrued expenses and other liabilities)	\$ 47,172	\$ 53,372
Postretirement benefit cost (income)	( 7,695)	( 7,340)
Employer contributions	7,214	6,754
Benefits paid	7,214	6,754

The following summarizes the amounts in unrestricted net assets not yet recognized as components of net periodic benefit cost for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Transitional obligations	\$ -	\$ -
Prior service cost	-	-
Unrecognized net gain	<u>( 50,632)</u>	<u>( 59,341)</u>
Total recognized in unrestricted net assets	<u><u>(\$ 50,632)</u></u>	<u><u>(\$ 59,341)</u></u>

The following summarizes the amounts in unrestricted net assets expected to be recognized in net periodic benefit cost for the year ended June 30, 2018:

Amortization of transitional obligation	\$ -
Amortization of prior service cost	-
Amortization of unrecognized net gain	<u>( 8,729)</u>
Total estimated amortizations from unrestricted net assets to net periodic benefit cost	<u><u>(\$ 8,729)</u></u>

The assumptions used in the measurement of United Way's postretirement benefit obligation and postretirement benefit cost at June 30 are shown in the following table:

	<u>2017</u>		<u>2016</u>	
	<u>Obligation</u>	<u>Cost</u>	<u>Obligation</u>	<u>Cost</u>
Weighted-average assumptions:				
Discount rate	2.90%	2.44%	2.44%	3.15%
Rate of compensation increase	N/A	N/A	N/A	4.00%

The assumed healthcare cost trend rate used to measure the expected cost of benefits covered by the plan for the years ended June 30, 2017 and June 30, 2016 was 7.0% and 7.5%,

respectively. The ultimate trend rate expected to be achieved by the year ended June 30, 2022 is 4.5%.

United Way expects to contribute approximately \$7,000 to its postretirement plan in the year ended June 30, 2018.

Expected future benefit payments as of June 30, 2017 are as follows:

2018	\$	7,000
2019		7,000
2020		6,000
2021		5,000
2022		5,000
2022-2027		16,000

#### 15 - Related Party Transactions

United Way, by its nature, utilizes the resources of the community in which it conducts its business, both in the management of its operations and in the ordinary course of business. As a result, certain members of its board are also individuals that have various degrees of interest in entities which provide goods and services to United Way. There was one entity in both 2017 and 2016, involved in these activities amounting to expenditures by United Way of \$1,223 and \$351, respectively. Goods and services provided for these activities were rendered at, or less than, fair market value.

#### 16 - Leases

United Way entered into various lease agreements for space rental and office equipment. These leases are accounted for as operating leases. Future minimum lease payments as of June 30, 2017 are approximately as follows:

2018	\$	158,100
2019		162,000
2020		163,300
2021		166,400
2022		171,400

Rent expense amounted to \$152,347 and \$147,055 for the years ended June 30, 2017 and 2016, respectively.

#### 17 - Concentration of Credit Risk

United Way maintains cash in bank accounts, which, at times, may exceed insured limits. United Way has not experienced any losses in such accounts. United Way believes it is not exposed to any significant credit risk on cash.

## 18 - Contingent Liability

The use of grants in programs is subject to future review by the grantors. Such reviews may result in additional liabilities to the grantors for unexpended funds which were restricted to use in certain programs. Any such additional liabilities are not expected by management to be material and have not been reflected in the financial statements.